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China Leaders Face Tough Choices That May Threaten Party

By Patrick E. Tyler
New York Times Service

BEIJING — Under enormous pressure from the Clinton administration, China faces a series of decisions that could result in greater freedom of expression and guarantees of basic human rights that Chinese leaders have long considered a potential threat to the survival of Communist Party rule.

Already, there seems to be a new surge of democratic activity.

Later Wednesday, 11 dissidents daringly signed a two-page statement calling for the release of Qin Yongmin, a young pamphleteer

foreign news broadcasts and come to terms with the long-simmering independence movement in Tibet.

Top officials, including President Jiang Zemin, have said China is "going to make an effort" this year to respond to Mr. Clinton's requirements.

If carried through, these decisions will disprove the conventional wisdom that China's leaders are paralyzed with indecision as they await the death of the senior leader, Deng Xiaoping.

It is too early to say whether China will expand on the initial steps it has taken or promised in recent meetings with Secretary of State Warren M. Christopher and other American officials.

But if China complies with the U.S. demands, the relaxation of freedoms could well reinvigorate the democracy movement that has been dormant in China since it last erupted in the spring of 1989, only to be crushed in Tiananmen Square.

Interviews with China scholars, Western diplomats and economists suggest that the next few months are critical to determining the future course of politics.

By threatening to force open China's closed and intolerant political system, Mr. Clinton has confronted the country's leaders with a dilemma.

Cancellation of China's favorable trade status could result in a painful setback for its remarkable economic expansion, although such a move would also hurt U.S. businesses that have been eager to invest in China.

But if China accepts the human-rights challenge, its Communist leaders may set themselves despite threats by the secret police to muzzle him.

These stirrings are expected to grow.

The pressure to open the system up still further has come from President Bill Clinton's threat to cancel China's low-tariff access to the U.S. market unless Beijing makes "overall significant progress" in human rights, including freedom for significant numbers of political prisoners and Red Cross access to labor camps and detention centers.

The administration also wants China to loosen its emigration restrictions, stop jamming

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dispatched by the Public Security Bureau last month for two years of hard labor. His crime was urging nonviolent political change in a "peace charter" written in November.

He joins thousands of others still imprisoned in China for the nonviolent expression of their political and religious beliefs. In his absence, his colleagues have vowed to continue speaking out.

Wei Jingsheng, China's most famous democracy campaigner, who emerged last fall from 14 years in prison, carried on a one-man freedom speech movement this week by giving interviews to foreign journalists on democracy issues despite threats by the secret police to muzzle him.

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Yasser Arafat and Shimon Peres approaching the podium at the World Economic Forum on Sunday to announce an accord was near.

Arafat Sees Israel-PLO Blueprint 'Very Soon'

Both Sides Are Upbeat After Talks in Davos on Carrying Out Peace Plan

By William Drozdiak
Washington Post Service

DAVOS, Switzerland — Yasser Arafat, the PLO chairman, said Sunday after marathon talks with Foreign Minister Shimon Peres of Israel that the two sides expected to achieve a detailed blueprint "very, very soon" on how to carry out their historic peace plan.

Following eight hours of tortuous negotiations at this Alpine ski resort, Mr. Peres and Mr. Arafat told a gathering of world business and political leaders that the negotiators hoped to reach a final accord soon. That agreement would clear the way for Israeli military withdrawal and putting into effect Palestinian self-rule in the Gaza Strip and in the West Bank town of Jericho.

As if to underscore the serious nature of their intentions, they quickly returned to their hotel with their delegations Sunday night in an effort to surmount the last obstacles. Participants said they were eager to wrap up the deal before Mr. Peres leaves Monday on a scheduled weeklong trip to the United States.

In their joint appearance at the World Economic Forum, the two men displayed a warmth and understanding that Israeli and Palestinian officials said had blossomed remarkably during their encounter last week in Oslo and now in Davos.

Here in the setting of Thomas Mann's novel, *On the Magic Mountain*, knowing we must also negotiate its slippery heights" represented by the "worries, suspicions, hatreds and blood of victims."

Mr. Peres praised Mr. Arafat for making "a supreme effort to bring our two peoples together in the domain of peace and hope." He said after decades of enmity, Israel was now determined to make the Palestinian story one of "good neighborhood, peace and hope for the coming generations."

Mr. Arafat surprised observers when he applauded as the U.S. undersecretary of state for economic affairs and agriculture, Joan Spero, called for Arab states to abandon their boycott of suppliers to Israel. She called the boycott "a remnant of the past." It was believed to be Mr. Arafat's first public gesture of support to rescind the embargo.

The Palestinian leader said he felt touched by what he perceived as a sincere desire by Mr. Peres to achieve "a lasting peace for the sake of our children and that of future generations." He expressed confidence that "we can overcome all the gaps" so that a final agreement could be signed in Cairo soon.

In the wake of a breakthrough pact on mutual recognition that was conceived during

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Hosokawa Victory: Still Long Way to Go

By Paul Blustein
Washington Post Service

TOKYO — Now that Japan has made its political system more democratic and less prone to corruption, it stands a better chance of making its economic system more open, consumer-driven and import-friendly, analysts say.

The approval on Saturday of sweeping anti-corruption and electoral reform measures, many analysts say, could mark an important step toward achieving the sorts of changes in Japanese economic policy that the United

States and some of Japan's other trading partners have been hoping for.

But the millennium is still a long way off.

Fundamental change in Japan's economy will take many years, if ever comes at all.

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Kiosk

U.S. Will Admit Head of Sinn Fein

WASHINGTON (Reuters) — The United States has granted Gerry Adams, head of Sinn Fein, the political wing of the Irish Republican Army, permission to attend a New York conference this week on Northern Ireland, a Clinton administration official said Sunday.

The official said strict ground rules have

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What Mr. Fallows and others find most

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Organized Crime Clutches New Russia by the Throat

By Celestine Bohlen
New York Times Service

MOSCOW — While most Russians are not surprised to hear that criminal gangs seem to be taking over the country, a top-level government report has laid out their reach in stark terms. Organized crime has Russia by the throat, squeezing the life out of the fledgling private sector and holding the government itself hostage.

The report, prepared for President Boris N. Yeltsin, says 70 to 80 percent of private enterprises and commercial banks in major cities are forced to tribute a sum of 10 to 20 percent of their turnover to organized crime.

The report estimated that such crime — through payoffs, kickbacks, debt collection, money laundering or monopoly pricing — accounts for about a quarter of the inflation rate, which last year averaged 20 percent a month.

In a five-page summary published last week in the newspaper *Izvestia*, the report gave a glimpse of the collusion between criminal gangs and local law enforcement.

In Tver, north of Moscow, the report said, police officers tip off local gangs when a vehicle with valuable cargo passes by a checkpoint, and entrepreneurs have to get the gangs' permission to open a store or a restaurant.

Outside Kazan, racketeers have begun to extort payoffs from farmers. In St. Petersburg, the report estimated, there is an army of 10,000

full-time hoodlums, of which 500 are considered hardened criminals.

"There is no doubt that the heads of Russian organized crime are gathering detailed dossiers on all top-level officials and politicians," said the report, which was prepared by the Analytical Center for Social and Economic Policies.

Describing the pervasiveness of the problem, the report continued: "The situation in our country differs from the situation in Western Europe and the United States. There, organized crime controls only 'criminal' activities like prostitution, drugs and gambling. In our country, it controls all types of activity."

This conclusion echoes other reports by Russian officials about the spreading tentacles of free-wheeling criminal organizations, some of which are said to have links with the West.

Alexander Gurv, who heads a research and development institute at the Interior Ministry, recently said at a business conference that organized crime has infiltrated Russian banks by blackmailing, threatening and, in at least a dozen cases, killing bankers to gain access to their cases.

Loosely regulated banks have been used to launder and embezzle money from state and commercial accounts, with losses running in the hundreds of millions of dollars, the Interior Ministry says.

Local business executives say racketeers get

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Bosnia Enclave In the Grip of 2d Cruel Winter

By John Pomfret
Washington Post Service

SREBRENICA, Bosnia-Herzegovina — Midway through their second winter of war, the people of this besieged enclave are a symbol of the cruel fate facing Muslims throughout Bosnia. Surrounded in a small pocket of their mountainous homeland by heavily armed Bosnian Serb fighters, the people of this shattered town pace the streets like caged animals.

In this mining town and about 60 square miles of wooded mountains around it, 44,000 people, mostly refugees, struggle to exist in what the United Nations has declared a "safe area." Cut off from the outside world by more than 2,500 Serbs, they are protected by about 150 Canadian infantrymen.

The intransigence of the Serbs and the intransigence of UN policy-making have trapped even the French Canadian soldiers. The United Nations has tried since November to persuade the Serbs to permit a company of Dutch replacements. Last week, the UN secretary-general, Boutros Boutros-Ghali, signaled his readiness to authorize air strikes against the Serbs if they continue to block the transfer.

In the first visit here by journalists in more than three months, two Western reporters found Srebrenica living a netherworld existence between war and peace. There is no offensive against the enclave, but on a typical day, about 100 shelling or shooting incidents break the cease-fire. Two weeks ago, nine Serb shells

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THE AMERICAS / PAINFUL LESSONS ON EMPLOYMENT

★ POLITICAL NOTES ★

Simpler Taxes? Don't Hold Your Breath

NEW YORK — The overwhelming complexity of the tax system may be increasingly recognized in Congress, but specialists say simplification measures now on the table will probably be deferred as the proposed health care overhaul and the tax issues related to it fill the 1994 calendar.

A bill cleared by the House Ways and Means Committee last year and reintroduced this year would, among other things, simplify the treatment of large partnerships, subchapter S corporations and foreign taxes. This measure, sponsored by Dan Kastenowski, Democrat of Illinois and the committee chairman, is one of those "in the mercy of larger forces," an aide said. But a failure of the bill to move along this year "should not be construed as an unfriendly attitude."

Still, the United States may ultimately be driven to an entirely different system. A tax on sales, or consumption, appears the leading candidate. Senators John C. Danforth, Republican of Missouri, and David L. Boren, Democrat of Oklahoma, are expected to introduce a proposal soon. It aims to eliminate the corporate income tax, cut payroll taxes and increase the standard deduction for individuals. It would also impose a single-rate levy on business activity. (NYT)

Not a Crisis, Dole Says; Just a Bad Problem

WASHINGTON — The nation's health care system has "serious problems" that need reform, but they do not qualify as a crisis, according to the Senate Republican leader, Bob Dole of Kansas.

"I think we're making too much over whether this is a crisis or a serious problem," Mr. Dole said. "We don't want to get into a fight over whether there is a problem or a crisis."

Mr. Dole recently joined a growing number of Republicans who have questioned President Bill Clinton's premise that the health care system is in crisis and needs major changes.

But in an interview with Kansas radio reporters, the senator said he wanted to shift the focus of the debate away from the refusal of Republicans and some Democrats in Congress to use the word "crisis" when describing the health care system.

He said that Republicans believe there are deep-rooted problems of access to health insurance and cost that must be solved. "I think there's a universal feeling that we have to reform health care."

He nevertheless criticized Mr. Clinton's plan for prescribing "a massive overdose of government control," adding that it would raise taxes and reduce the quality of care. (LAT)

Either 'Buyouts' or Massive Federal Layoffs

WASHINGTON — At least four federal departments and agencies probably will have to lay off thousands of employees this year unless Congress approves "buyouts" to speed voluntary departures, according to government officials.

The Agriculture, Interior and Transportation departments, as well as the Office of Personnel Management, are the most at risk of layoffs, the officials said, primarily because of tight budgets this year.

The government still hopes to avoid such layoffs, but pressure to hold down payroll costs will continue into next year. The budget for fiscal year 1995, which is due out Feb. 7, will require at least three more agencies to reduce personnel levels, said Christopher Edley, associate director of the Office of Management and Budget.

During the presidential campaign, Mr. Clinton pledged to cut the federal work force by 100,000 employees by the end of fiscal 1995. He said it would be accomplished through attrition or voluntary departures. The work force reduction goal was increased by 152,000 last year after Vice President Al Gore completed a six-month performance review of the government.

But attrition rates throughout the government have fallen to historic lows, partly because of the recent economic slump. In general, federal employees appear fearful of taking their chances in the private sector when a number of major corporations are laying off workers. (WP)

Quotations/Unequaled

Alexander M. Haiz, former secretary of state, on the government's policy in the former Yugoslavia: "When you meet a street and you do not do it, you lose tremendous credibility probably." (NYT)

Away From Politics

The use of a high-powered laser to literally blast holes in the heart is providing new hope for patients with severe coronary artery disease, researchers said. San Francisco Heart Institute pioneered the technique for those who have had bypass surgery and have no other treatment options. The holes allow blood to enter capillaries in the heart muscle, providing oxygen and nutrients to tissues starved by blocked arteries. Pain was reduced in 91 percent of the 46 patients in a clinical trial, and mobility was increased in 76 percent of the cases.

The Coast Guard brought ashore 56 Haitians seeking political asylum after intercepting their wooden boat off Miami Beach, a spokesman said. The Haitians were turned over to the U.S. Immigration and Naturalization Service and were expected to be detained pending a ruling on their asylum claims.

A Judge has ruled that China's popular "contempt" strategy is political persecution. Specialists said the decision by Judge T. S. Ellis 3d of U.S. District Court in Washington, in a political asylum case, could encourage a new wave of Chinese immigration and trigger more lawsuits for asylum.

Two thirds of attacks against women are committed by someone they knew, according to a Justice Department survey based on 400,000 interviews from 1987 to 1991. It also found that injuries were almost twice as likely to occur if the attacker had been a husband or boyfriend rather than a stranger. (LAT, Reuters, WP)



Taro finally got a reprieve after being held nearly three years.

White House Toughens Criteria for Peacekeeping Role

By Eric Schmitt
New York Times Service

WASHINGTON — The Clinton administration has completed work on a policy to limit U.S. military involvement in international peacekeeping, according to senior administration officials.

The policy, which prompted a major foreign-policy debate, sets minimum conditions for financing peacekeeping and for sending troops to join international missions that are far tougher than those that President Bill Clinton and his aides had discussed earlier.

Before Washington agrees to take part in an international operation, the administration has to be satisfied that international security is threatened, that a major disaster requires urgent relief or that a gross violation of human rights has to be addressed.

Another condition would be whether other nations would be willing to share in supporting an operation.

American troops would take part only after those and other conditions had been met and, in most cases, solely under U.S. command.

The new guidelines, a product of a long review, are a sharp departure from the early days of the administration.

Before his election, Mr. Clinton had called for the creation of a small permanent "rapid deployment force" for UN missions.

But after the painful lessons of Somalia, Haiti and Bosnia in the last year and tempered by public opinion, Mr. Clinton has steadily pulled back from his campaign comments.

In recent months he has premised any U.S. military involvement in UN operations on an increasingly restrictive set of conditions, and the new policy reflects that.

The United States plans to pull out all remaining troops in Somalia by March 31. The administration has defined its role in Bosnia in increasingly narrow terms, basically to help carry out a NATO commitment to use air strikes if necessary to open the airport at Tuzla to relief flights and to protect Canadian troops when they leave Srebrenica, which is under siege by Serbia.

Washington could still agree to allow U.S. troops to serve under foreign commanders, as they do now under classic UN peacekeeping operations, but just case by case and when certain conditions are met.

"It's more likely that the larger and more complex the operation, the less likely that U.S. troops will be placed under UN command," an official said.

The main principles of the plan, known as a draft Presidential Decision Directive, have been largely in place since November. But high-level approval was delayed while Pentagon and State Department officials quarreled about financial and political control of American involvement.

The agencies eventually agreed that if the United States contributed just financial aid or joined a classic peacekeeping operation, where troops monitor an agreement with the consent of all parties on the ground, the State Department would take the lead and foot the bills.

About 325 American troops now serve under UN command in Macedonia under such an arrangement.

The Pentagon would be politically and financially responsible for operations in which troops are permitted to use military might to enforce the peace like the U.S. effort in Somalia.

"The sticking point has been the funding issue, but that is wrapped up now," a State Department official said. "After that it was just fine tuning to make it all work."

Senior administration officials said the policy was divided in these six sections:

- Guidelines for new UN operations and American involvement in them.

- The command and control of such operations.

- The roles of regional organizations.

- Steps to improve UN management of peacekeeping.

• The bureaucratic responsibilities for peacekeeping in the administration.

• Financing of the operations.

Once the administration determines that international security is seriously threatened or a disaster requires immediate aid, it would decide between two levels of involvement, helping to pay for a mission but not joining it or sending troops.

If the mission called for a traditional peacekeeping role like UN forces' monitoring a cease-fire, Washington would want to ensure that all sides agreed to the truce and that it was likely to hold.

If U.S. troops were part of an international army to impose peace on warring factions, the standards for participation would be much higher. Washington's security interests would have to be at stake, and American troops badly needed.

The United States would have to be satisfied that its troop contribution was sufficient to ensure the military effectiveness of the force. The operation would have to have broad support in Congress.

Washington would also require that estimates for the total numbers of troops, their cost and a plan to remove them be agreed to in advance of joining any mission. U.S. troops might serve under a foreign commander, but Washington would never surrender its ultimate authority.

Reno in the Mirror: Departure Of Deputy Reflects on Her

By David Johnston
New York Times Service

WASHINGTON — Attorney General Janet Reno's decision to resign her deputy seemed to be at least partly an attempt to answer rising criticism of her own performance by dismissing a high-ranking subordinate.

But whether the replacement of Philip Heymann, the No. 2 official at the Justice Department, will bring substantial improvement at an agency that has drifted indecisively through the first year of the Clinton administration is uncertain.

Ms. Reno's aides said she had lost patience with Mr. Heymann's approach and was concentrating on finding a decisive, seasoned professional to succeed him.

But other officials at the Justice Department, who spoke on condition of anonymity, said some of the managerial problems at the department were not entirely the fault of Mr. Heymann, who left Thursday.

These officials say Ms. Reno has lost patience with Mr. Heymann's approach and was concentrating on finding a decisive, seasoned professional to succeed him.

The officials, including some who say they hope she succeeds, insist that the public impression of Ms. Reno as the gutsy Florida prosecutor who took responsibility for the tear gas assault in Waco, Texas, last April is at odds with the attorney general they see on day-to-day basis.

Current and former career officials

say Ms. Reno works hard, but has not yet mastered the transition from Dade County prosecutor to attorney general.

Some lawyers contend she provides them insufficient guidance with a managerial style that consists of quizzing them about lists of issues she has itemized on a yellow legal pad.

Supporters of Ms. Reno say she has faced a daunting array of issues

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that went unsolved under 12 years of Republican control at the Justice Department.

These officials say her inexperience in federal issues and her late start as President Bill Clinton's third choice for the job meant she faced a bigger job than most cabinet members.

Carl Stern, a spokesman for the department, said Ms. Reno needs a strong manager as her deputy because she spins off ideas and is pursuing a course that has made the agency busier than at any time since Jimmy Carter's presidency.

"This is a very active place," he said. "There hasn't been this much going on since Griffin Bell," Mr. Carter's attorney general.

Ms. Reno has also been distracted by the time-consuming effort to assemble her team, particularly in crucial areas like the civil rights and environmental divisions, where Democrats had hoped the Clinton administration would make quick and solid advances.

At times, Ms. Reno's aides interpret her as an effort to respond to public concern has been viewed by lawyers at the department as caving in to political pressure.

In one instance, Ms. Reno and her civil rights aides spent months reviewing whether to pursue a federal civil rights investigation in the killing of a rabbinic student in the Crown Heights section of Brooklyn, during riots there in 1991.

On the day she planned to announce that the department was dropping the case, she agreed to reevaluate her position at the urging

2 Brazil Hospitals Face Inquiry in Baby Deaths

The Associated Press

RIO DE JANEIRO — Thirty-five newborn babies died during the last two months of infection contracted at two hospitals in São Paulo, a Brazilian newspaper reported Sunday.

The maternity wards at the hospitals were closed for investigations, the Rio daily O Globo said.

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AMERICAN TOPICS

Don't Resell Confiscated Guns, Mayors Urge, Melt Them Down

Four big-city mayors, contending that municipalities that sell confiscated guns could be making the U.S. crime problem worse, have urged their colleagues to sacrifice money from gun sales and melt the weapons down.

"It doesn't make sense for cities to be in the business of gunrunning," said the mayor of Phoenix, Paul Johnson. Joining him were Richard Daley of Chicago, Wellington Webb of Denver and Deede Comodini of Salt Lake City.

Mayor Johnson said Phoenix reaped only about \$100,000 a year from reselling guns. "That meant to us maybe two additional police officers," he said. "Is it worth the offsetting factors?"

The four mayors were in Washington for the annual winter meeting of the U.S. Conference of Mayors. They said that many cities have gun buydown programs, but the effectiveness is diluted when other government entities can come into city limits and sell weapons.

Earlier this month the U.S. government announced it would no longer allow federal agencies to sell guns to private dealers.

About People

Spencer Crew, 45, is the first black to become director of the Smithsonian Institution's National Museum of American History. An urban historian, he has been a member of the museum staff for 13 years, and acting director for the past year. Mr. Crew has a bachelor's degree from Brown University and a master's and doctorate from Rutgers. The museum draws about 5.5 million visitors a year. Exhibits include First Ladies' inaugural gowns, Dorothy's ruby slippers from the film "The Wizard of Oz" and Duke Ellington's records.

The former champion golfer Ben Hogan was asked by Nick Faldo, one of today's champions, the secret to winning the U.S. Open. Hogan relied, "Shoot a lower score than everyone else."

Short Takes

"Going to federal prison for the first time?" says the classified newspaper ad. "We will tell you what to expect and how to survive. Our consultants are graduates of the federal prison system." Frank Sweeney, who placed the ad, has spent much of his life in prison for swindling, mail fraud and the like. He says he had 27 clients since November; the standard fee \$200. Mr. Sweeney, 50, works with two fellow ex-convicts. Some tips: fake mental illness and get a private cell. Claim physical illness to get out of work; a cane helps. Ask to be put on a special health or religious diet, which is usually better than regular prison food.

New Jersey's "death-row dog" has been spared from execution by order of the new governor, Christie Whitman. But she ruled that Taro, a 5-year-old Akit, must spend the rest of his life outside the Garden State. Officials had been flooded with appeals for clemency, including one from the French actress Brigitte Bardot. Taro had either bitten or scratched the lower lip of her owners' 10-year-old niece. They argued that the girl had provoked him. Taro had been impounded since March 1991. Mrs. Whitman, in issuing her order, said: "This has been going on long enough. It's time to move on."

A reader asks Judith Martin, who writes the syndicated Miss Manners column, if one should answer the telephone when playing cards with invited friends, or leave it to the answering machine. The reply: "Why do you have an answering machine? Because you can't afford a butler. Miss Manners presumes. You certainly need something, if not someone, to avoid leaving your guests sitting around a table holding their cards helplessly and exchanging exasperated looks while you chatter with someone who isn't even there."

Arthur Higbee

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Bosnian Serb Warns on Tuzla Aid Planes Won't 'Take Off Again,' He Says

Reuters

SARAJEVO, Bosnia-Herzegovina — A Bosnian army commander warned the West on Sunday not to use force to open the Muslim-controlled airport at Tuzla, saying any plane that landed would "never take off again."

General Mijo Milovanovic said his enemies wanted the airport in the central town to help them carry out their military objectives.

Because of that, no plane must land at Tuzla airport, General Milovanovic told Tass news agency, adding that his units had the spot "within their gun sights."

The United Nations and the North Atlantic Treaty Organization have threatened to use air strikes to open the airport so that relief agencies can deliver aid to millions of trapped people.

With no runway near the airport and a clear approach to the intact runway, UN military officers have recommended Tuzla as an alternative to land routes through central Bosnia where battles between Bosnian Croats and Muslim-led forces continually hinder convoys.

At a recent NATO summit meeting, leaders said selective air strikes would be used if needed to open

the Tuzla airport and relieve Canadian UN troops in the Muslim "safe area" of Srebrenica.

Bosnian Serbs said that they had no objection to Dutch troops replacing the Canadians, but that Tuzla was another matter.

The UN secretary-general, Boutros Boutros-Ghali, said Friday that he had delegated to his special representative in the former Yugoslavia, Yasushi Akashi, the authority to approve any request for close air support from the commander of the UN Protection Force in either Tuzla or Srebrenica.

Until recently Mr. Boutros-Ghali has insisted on retaining the right to approve first use of air power provided by NATO countries.

Anarchy in central Bosnia prompted Britain to suspend aid convoys after one of its convoy drivers was killed, allegedly by Muslim gunmen. But the British Overseas Development Administration, which is responsible for humanitarian relief, said Sunday that its operations would restart Monday and that convoy teams in Bosnia were eager to get back to work.

Bosnian authorities said they had detained four men in connection with the abduction of three British aid workers and the killing of one of them.



CHANGING THE GUARD — Robert Hue, 47, the new secretary-general of the French Communist Party, being congratulated by his predecessor, 73-year-old Georges Marchais, the party's leader since 1972. Mr. Hue was chosen by the 28th party congress, which was held in Paris.

U.S. to Monitor Serbs From Albania

New York Times Service

WASHINGTON — The cold war really is over: The Central Intelligence Agency will use Albania, once the most isolated and xenophobic Iron Curtain country, as a base for a new U.S. spy plane to monitor the war in the former Yugoslavia, according to defense officials.

The CIA approached Albania for permission to use its territory after Italy, a North Atlantic Treaty Organization partner of the United States, refused to allow the agency to operate from Italian airfields.

The unplied plane, called the Grumman, has a range of only 500 miles; about 800 kilometers, so it must be based near its intended targets. Plans for its deployment and the mission in Albania are reported in the coming issue of *Aviation Week and Space Technology*, an aerospace-industry magazine.

The Grumman was developed to help monitor regional conflicts. The system to be deployed in Albania — two Grumman and a satellite dish costing less than \$10 million — is far cheaper and less sophisticated than photo-reconnaissance satellites, which each cost more than \$1 billion.

The equipment, which will be used to relay photographic images of battle and troop movements in Serbia and Bosnia-Herzegovina, will be sent to a military base on Albania's Adriatic coast this winter, a defense official said.

The plane is about 16 feet long (nearly five meters long), with a wingspan of about 35 feet. It can linger above a battlefield for up to 24 hours. It carries on its back a dome with infrared and electro-optical sensors to create digital images of war. The images are beamed back to a satellite dish, which can relay them to Washington.

Ex-General Named Algerian Leader

The Associated Press

ALGIERS — Tightening military control over the country, Algeria's defense minister was named president on Sunday by an army-backed committee.

The High Security Council named Lamine Zeroual to a three-year transition term as president, succeeding a five-man military-backed committee that canceled elections when it took power two years ago.

The new leader, 53, is a retired general. Neither he nor the High State Committee he replaces on

Monday has widespread public support.

General Zeroual's three-year term is considered necessary to overcome the Muslim insurgency that has taken some 3,000 lives in the last two years and to begin solving the economic crisis.

The High State Committee ordered the High State Council to designate a president after the collapse this week of a national conference convened to map out the country's politics.

The conference, at which the government had hoped to reach a

working agreement with the fractured political parties, fell apart when the main political groups walked out or did not show up.

Former Foreign Minister Abdellaziz Bouteflika had been expected to assume the post, but he refused the job when parties dropped out of the conference, saying he did not want to be the leader of several parties in discord.

General Zeroual replaces Ali Kafi, president of the High State Committee, which has battled the Muslim insurgency for two years. Mr. Kafi's mandate ends Monday.

The High State Committee took power in January 1992 after the cancellation of two-stage legislative elections that were won by Islamists.

that balls 41 and 42 stuck in the cylinder, but Lotto officials failed to notice the irregularity. Late viewers called in to force cancellation of the draw.

A second draw was held later Sunday, and the Lotto organization apologized for the inconvenience. Five winners were announced after the second draw, each winning 9.6 million francs (\$267,000).

BOOKS

FDR & STALIN: A Not So Grand Alliance, 1943-1945

By Amos Perlmutter. 331 pages. \$29.95. University of Missouri Press.

Reviewed by
Kenneth Adelman

THE debate seems destined to go on forever: Was Franklin Roosevelt impotent in the face of Stalin's determination? Was the American president blame for "losing" Eastern Europe? Had Roosevelt been a tougher strategist, would we have been spared 45 years of Cold War? On the affirmative side, we now have Amos Perlmutter's addition to the argument, "FDR & Stalin." On the other are the historians who have, in Perlmutter's view, created a "myth of FDR's farsighted diplomacy." "FDR & Stalin" is so overwrought and strident in tone that it is easy to refute. Yet the book still represents in a lively way the side of the debate that maintains to refute no words that Roosevelt was a nimble chess player in foreign affairs.

Devotees of Franklin Delano Roosevelt, like myself, can easily counter Perlmutter's accusation that the wartime president "continuously appealed to Stalin, from June 22, 1941 (when Hitler invaded the Soviet Union), until his death on April 12, 1945." One week before his death, FDR angrily wrote Stalin: "Frankly, I cannot avoid a feeling of bitter resentment" about his accusations Stalin had made, and "for such vile misrepresentations of my actions or those of my trusted subordinates."

Hardly the words of an incurable appeaser. And one day before he died, FDR wrote Churchill on how to handle Stalin henceforth: "We must be firm."

By being so harsh, Perlmutter, author of several books on global politics and security and a political science professor at American University, exposes himself to criticism. For example, he writes, "This not-so-grand [U.S.-U.K.-U.S.S.R.] wartime alliance cost Eastern and Central Europe their independence and committed America to nearly half a century of Cold War." Not quite. Not the wartime alliance but the presence of the Red Army and of subsequent Soviet regimes committed us to the Cold War.

Rather than displaying what Perlmutter characterizes as a "total absence of statescraft," FDR wished to

defend geopolitical statescraft until the war was won. Call this naive, but that's what had happened in World War I. And that's what was agreed upon — not only by Perlmutter's knee but also by his hero, Winston Churchill. Monitor before the United States entered the war, the two agreed to avoid secret diplomacy and to defer territorial matters and "political bargains" until the peace conference.

This was not to be. As Perlmutter shows in a nice piece of exposition, fighting the war meant cutting "political bargains" like mad. Having decided the deals well, he still persist in his misconceptions. Here, FDR was nowhere as inadequate, nor Churchill as magnificient, as Perlmutter's portrait.

It was Churchill's cabinet, as Perlmutter wincingly tells, which in May 1942 "friendship treaty" to all that the Soviet Union acquiesced to all that Stalin gained from his Nazi-Soviet Pact. On that, FDR demurred. And Churchill himself offered Stalin, in October 1944, the "percentage formula" to divide up parts of Europe. FDR objected to such realpolitik.

Not that FDR receded from practical politics. He had shown in political bargaining for the New Deal and pushing America from neutrality into all-but-alliance with Britain, before the United States was even in the war.

True, FDR proved too flexible, though not indifferent, concerning

Eastern Europe's fate. Perlmutter doesn't adequately take into account what FDR had to deal with at the time. The reality of war forced the president to focus on more parochial interests. Keeping ties with Stalin was critical to ending the Soviet Union into the Pacific War, a need far greater to America's armed forces than to Britain's practical either.

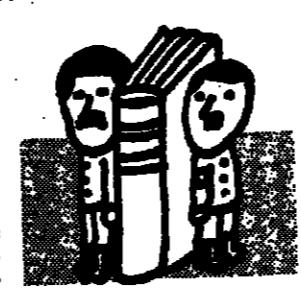
And Perlmutter is quite right that Stalin had clear strategic goals, which he relentlessly pursued. While Churchill shuddered at them, FDR mostly shrugged them off. These goals were achieved, thanks much more to the Red Army's power than FDR's fecklessness.

Kenneth Adelman, former director of the U.S. Arms Control and Disarmament Agency, wrote this for The Washington Post.

WHAT THEY'RE READING

• Ivan Klima, the Czech writer, is reading Alan Bullock's "Hitler and Stalin: Parallel Lives."

"With the recent election in Russia, this book has a very current message. Before I started his career Hitler had finished his program, but most of it was regarded as the plan of an insane man. They expected that when he won the election he would change his rhetoric. History has revealed otherwise." (Michael Bather, IHT)



On the diagramed deal Chagas was East, defending four spades after South had opened with a weak no-trump. This was due to make against any normal defense.

Playing fourth-best leads, West led the club deuce. East won with the jack, and worked out declarer's hand. He had promised 13 to 15 points, which surely included the spade ace; the heart king and the diamond ace. And if he held in addition the heart queen, his contract was safe; the heart suit would provide a discard for a diamond in dummy.

This is not true in other parts of the world. Britain and the Netherlands both have events to which the world's best players are invited by a committee. There is a similar event in Brazil, where in December, twenty-four players of the highest caliber play. The winners were Gabriel Chagas and Marcelo Franco, the reigning world pair champions.

Both sides were vulnerable. The bidding:

WEST	1NT	2NT	3NT	4NT
Q 5 2	Q 5 2	Q 5 2	Q 5 2	Q 5 2
Q 3 2	Q 3 2	Q 3 2	Q 3 2	Q 3 2
Q 2	Q 2	Q 2	Q 2	Q 2
Q 1	Q 1	Q 1	Q 1	Q 1
Q 0	Q 0	Q 0	Q 0	Q 0

West led the club two.

Amid the Haggling, Hong Kong Airport Is 'Rising From Sea'

Reuters

HONG KONG — While China and Britain battle over Hong Kong's giant new airport, local officials are keen to get one message across — that it is being built, that it is largely on schedule and that it is definitely under budget.

Despite Beijing's rejection of financing plans for the \$20.3 billion project, the fact remains that a huge public works operation is well under way in Hong Kong.

"Everybody can see that the airport is rising from the sea," said Chief Secretary Anson Chan.

An artificial island for the airport is almost 40 percent built; work starts soon on the terminal building, and the twin towers of one of the world's biggest suspension bridges, which will provide a road and rail link with central Hong Kong, have climbed to 200 meters (nearly 600 feet).

The Chek Lap Kok project is colossal. It is one-third bigger than the British-French Channel Tunnel, which makes the airport the largest single public works operation under way in the world. It comprises 10 infrastructure projects, with the airport itself costing 70 billion Hong Kong dollars (\$9 billion), less than half the total cost.

The project has also become a political football between Hong Kong and China. Beijing has rejected all financing plans, saying they would leave a huge debt to be repaid after the British colony returns to China in 1997.

Things went from bad to worse when Governor Chris Patten's plans for democratic change provoked a major dispute in 1992. Now Mr. Patten is no longer sure of meeting the target date for the first flight into Chek Lap Kok of June 30, 1997, the day Britain leaves.

"We want to do as much as we possibly can by the end of June '97 in an orderly and sensible way," Mr. Patten said recently. "Exactly how much we can do will depend on when we get agreement with the Chinese side."

The officials denied that the administration's high priority on getting NAFTA approved caused it to soften its position on human rights.

Mr. Watson and other U.S. officials argued that the Chiapas unrest should be seen as a warning of how important it was to complete Mexico's transformation to a free-market economy. The officials said that if NAFTA fulfilled its promise of creating jobs and higher wages, it would help Mexico toward greater democracy and respect for human rights.

The officials denied that the administration's high priority on getting NAFTA approved caused it to soften its position on human rights.

Representative Robert G. Torricelli, Democrat of New Jersey, the chairman of the Foreign Affairs subcommittee on Western Hemisphere Affairs, has scheduled a hearing Wednesday to look into allegations of rights abuses and "examine the potential for uprisings in other parts of the country."

There is no sign that the Chiapas unrest poses any serious threat to NAFTA. But it could lead some administration critics to call for a new look at whether Mexico's economic stability and commitment to democratic reform are strong enough to justify that the United States continue to move toward the economic integration of the two countries.

U.S. officials reply that what is important now is for the Mexican

and read link to central Hong Kong.

The link, which straddles three islands plus Hong Kong harbor, includes two major bridges, road and rail tunnels and several large land reclamations. Of these, only the cross-harbor road tunnel has been privately financed.

Despite the railroad, most of the project is on or ahead of schedule. And the government's point of pride is that it is running under the budget produced in 1992. The European Channel Tunnel's cost by comparison has spiraled 66 percent.

Earlier this month, the government cut the forecast cost by 5.5 million Hong Kong dollars, saying that contracts had been awarded at lower than expected tenders. A fixed price system means that contractors rather than the government carry the risk for inflation and cost overruns.

But not everything is rosy. The government estimates that every six months' delay due to the dispute with China will add 4 billion Hong Kong dollars to the cost.

Nowhere is the scale of the undertaking clearer than at the Chek Lap Kok site itself.

The site resembles a moonscape, teeming with huge dump trucks.

"It's totally destroyed, it's an open mine," the site reclamation director, Frans Uiterwijk, told reporters on a recent visit.

In fact, a hillock from the old Chek Lap Kok and a stretch of coastline have been left as a gesture to environmentalists.

Elsewhere, the island is a desert. Contractors are blasting away Chek Lap Kok's hills and dumping the rock into the sea to create an island 5 kilometers by 3.5 kilometers.

More than a thousand workers live on the island or aboard dredgers. One group of 300 Filipinos quit their troubled copper mine in the Philippines and moved en masse to work at Chek Lap Kok.

The airport terminal site is finished — the basement is being excavated. Contractors are now concentrating on finishing the site of the first runway. A second runway is to be built soon after the airport opens.

Mr. Uiterwijk admits to some problems. One member of the six-member joint venture contractor has fallen behind on building a sea wall. But the terms of the 9 billion Hong Kong dollar contract encourage "peer group pressure" as all partners are technically liable to pay penalties if one falls behind.

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WEEKLY INTERNATIONAL BOND PRICES

Provided by Credit Suisse First Boston Limited, London, Tel: 322 40 00. Prices may vary according to market conditions and other factors. Jan. 28

Dollar Straights

Issuer Cntr Mat Price Yld 7/31

Govt & Supranationals

Issuer Cntr Mat Price Yld 7/31

Banks Finance

Issuer Cntr Mat Price Yld 7/31

Global Corporates

Issuer Cntr Mat Price Yld 7/31

Dollar Zeros

Issuer Mat Price Yld 7/31

Govt & Supranationals

Issuer Mat Price Yld 7/31

Banks Finance

Issuer Mat Price Yld 7/31

Global Corporates

Issuer Mat Price Yld 7/31

Issuer	Cntr	Mat	Price	Yld	7/31	Issuer	Cntr	Mat	Price	Yld	7/31	Issuer	Cntr	Mat	Price	Yld	7/31	Issuer	Cntr	Mat	Price	Yld	7/31
Denmark	DKK	Jun 2000	100.00	4.40		Denmark	DKK	Jun 2000	100.00	4.40		Denmark	DKK	Jun 2000	100.00	4.40		Denmark	DKK	Jun 2000	100.00	4.40	
Denmark	DKK	Jul 2000	100.00	4.40		Denmark	DKK	Jul 2000	100.00	4.40		Denmark	DKK	Jul 2000	100.00	4.40		Denmark	DKK	Jul 2000	100.00	4.40	
Denmark	DKK	Aug 2000	100.00	4.40		Denmark	DKK	Aug 2000	100.00	4.40		Denmark	DKK	Aug 2000	100.00	4.40		Denmark	DKK	Aug 2000	100.00	4.40	
Denmark	DKK	Sep 2000	100.00	4.40		Denmark	DKK	Sep 2000	100.00	4.40		Denmark	DKK	Sep 2000	100.00	4.40		Denmark	DKK	Sep 2000	100.00	4.40	
Denmark	DKK	Oct 2000	100.00	4.40		Denmark	DKK	Oct 2000	100.00	4.40		Denmark	DKK	Oct 2000	100.00	4.40		Denmark	DKK	Oct 2000	100.00	4.40	
Denmark	DKK	Nov 2000	100.00	4.40		Denmark	DKK	Nov 2000	100.00	4.40		Denmark	DKK	Nov 2000	100.00	4.40		Denmark	DKK	Nov 2000	100.00	4.40	
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Denmark	DKK	Jul 2002	100.00	4.40		Denmark	DKK	Jul 2002	100.00	4.40		Denmark	DKK	Jul 2002	100.00	4.40		Denmark	DKK	Jul 2002	100.00	4.40	
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Denmark	DKK	Jan 2003	100.00	4.40		Denmark	DKK	Jan 2003	100.00	4.40		Denmark	DKK	Jan 2003	100.00								

SHORT COVER

WORLD STOCKS IN REVIEW

Via Agence France-Presse

Amsterdam

AMSTERDAM — Interest-rate concerns prompted caution among investors in the Amsterdam share market last week.

The CBS all-share index was slightly lower at 289.70 points, down from 290.40 on the previous Friday, a fall of barely a quarter of a percent.

Interest-sensitive stocks initially were weak, in particular financials ING and ABN-Amro, and the property investment funds. However, these stocks made up for most of their losses on reports of strong U.S. growth and low inflation. On balance, ABN-Amro was up 50 cent at 70.70 guilders. ING lost just 1 guilder at 87.80 guilders.

Fokker was sharply higher on new orders, up 12 percent at 24.70 guilders.

Frankfurt

Prices rose last week, although investors were nervous and unable to discern a trend. The DAX index finished the week at 2,133.47 points on Friday, up by 2.79 percent from the previous Friday's close of 2,075.61.

Volume fell to 47.47 billion DM from 52.45 billion the previous week.

Deutsche Bank gained 14.50 DM on the week to finish at 313.50. Dresdner Bank three to 418, and Commerzbank 8.50 to 366.50. Allianz insurance gained 51 marks to end at 2,757.

Siemens was up 9.60 DM to 715, but troubled group Metallgesellschaft was unchanged at 23.38 DM.

London

Profit-taking cut about 1 percent off the Financial Times-Stock Exchange 100-share index last week as investors cashed in on recent gains. The FT-SE 100 fell 36.8 points, to 3,447.4 points.

The market rallied from steeper losses on Friday, following a sharper-than-expected rise

in U.S. gross domestic product in the fourth quarter of 1993.

The retail sector was hard hit with Sainsbury, the leading supermarket chain, down by 67 pence on the week to 393 pence after announcing Friday that it was writing off £365 million because of real estate depreciation.

W.H. Smith, which announced an 11 percent increase in its half-year profits, fell by 30 pence to 515 after its chairman made cautious comments about the outlook for the sector.

Oil shares were weakened by a negative note from Kleinwort Benson. Lastro fell six pence to 124 and BP lost 11.5 pence to 367.

Milan

The Mibtel index rose sharply last week, pushed up by foreign investors and the hope of an economic upturn. Positive political news also helped fuel the positive mood, with the market rising by almost 498 points to 10,362, a gain of nearly 5 percent.

Telecommunication stocks attracted foreign interest, with Sip gaining 9.61 percent to 3,935 and Stet rising 4.20 percent to 4,486 lire.

Piat, on the verge of announcing its 1993 earnings, rose 3.59 percent, 4,561 lire.

Paris

The Bourse rose during thin trading last week as the market took time out after strong recent rises. The CAC 40 index finished at 2,313.17 points, a 3.05 percent rise and 69.2 points ahead of the previous week's final figure.

The market has still not picked up pace after huge rises in December and was hoping for Bank of France moves on interest rates.

LVMH remained in strong demand, gaining 1.19 percent on Friday thanks to a statement by its chairman that an acquisition will take place in the luxury products sector in the coming

years. Michelin jumped 4.08 percent and Peugeot 3.39 percent.

Singapore

Prices rose last week, with the Straits Times Industrials index up 18.34 points to close at 2,300.07 points, a gain of 0.8 percent, while the broader-based All-Singapore SES index added 2.23 points to finish at 597.90, up 0.37 percent.

Dealers said it was a week of volatile trading with share prices fluctuating in tandem with the price movements in Malaysia. Malaysian shares traded here also dropped sharply on rumors that the central bank was taking steps to stop speculation in the ringgit.

Tokyo

Prices fell on concern about political uncertainty. The Nikkei Stock Average of 225 selected issues fell 549.55 points or 2.8 percent, to 18,757.88 points after rising 333.73 points the previous week.

The Nikkei 225 plunged 5 percent on Monday, its steepest one-day slide in almost two-and-a-half years. Brokers said the slump was mainly due to players' concerns about last week's parliamentary rejection of political reform bills and a delay to a long-awaited economic stimulus package.

Zurich

Swiss stocks ended higher last week on hopes that interest rates could be cut soon. The Swiss Performance Index gained 50.97 points to finish at 1,986.62, a rise of 2.6 percent.

Roche was in strong demand among English and German investors after an optimistic press report on the group, its price jumping 445 to 7,100.

Nestle, helped by an improvement in international exchange rates, gained 83 to 1,406.

Codelco Says Error Cost It \$200 Million

Compiled by Our Staff From Dispatches

SANTIAGO — Stung by incorrect futures trading, Chile Copper Corp. on Sunday raised to \$200 million from \$100 million its earlier estimate of losses and said its problems included gold and silver as well as previously announced copper contracts.

"That wrong position on his copper was then showing profits, so then he made the same operation and made, he thought, a second profit," said the executive.

Almost five weeks later Mr. Davila realized that what he thought were profits of \$30 million to \$40 million were in fact huge losses. He began to hide the information, while continuing to bet on copper prices, hoping to reverse the losses, said the Codelco executive.

"We are pretty certain that there is no fraud," the executive said. "He was just hiding the positions and then he opened new positions to make up the losses. But that also went wrong, because he took a view of the market and prices went against that view," he said.

At the request of President Patricio Aylwin, the Supreme Court has appointed a judge to lead the investigation.

Price Waterhouse & Co. in Santiago is helping Codelco in its internal investigation.

(Reuters, Bloomberg)

U.S. Machine Tool Orders Up Steeply

NEW YORK (AP) — Manufacturers' orders for machine tools rose sharply in December from the previous month, riding the economic recovery to significant gains for the year.

The Association for Manufacturing Technology reported Sunday that machine tool orders rose 37.4 percent to \$319.1 million, reversing a drop of nearly 4 percent in November to \$232.3 million. December orders were up 54.1 percent from the \$206.2 billion reported for December 1992. For the year, machine tool orders rose 32.2 percent to \$3.28 billion, from \$2.48 billion in 1992.

"December was the best month of the fourth quarter for a majority of the machine tool builders," said the association's president, Albert Moore.

Profit Rises 1.8% at South China Post

HONG KONG (Bloomberg) — South China Morning Post (Holdings), the Hong Kong newspaper group controlled by Malaysian-Chinese businessman Robert Kuok, said that its aftertax profit rose 1.8 percent to \$26.4 million Hong Kong dollars (\$33.1 million) in its financial first half ended Dec. 31. Sales rose 11 percent to \$90.3 million dollars.

111company, which publishes Hong Kong's largest-circulation English-language daily, the South China Morning Post, said that despite increasing competition it remained in a dominant position. On Tuesday, the Oriental Press Group is scheduled to begin publishing Hong Kong's third English-language daily, the Eastern Express. The other English-language newspaper is the Hong Kong Standard.

Analysis say that SCMP's costs have risen in recent months as it prepares to fight off the new competitor. It has raised wages for some of its journalists to prevent them from defecting to the rival, has revamped some sections of the paper and has introduced special promotions.

Enbattled H.K. Insurer Is Upbeat

HONG KONG (Bloomberg) — Hong Kong's second-largest life insurance concern, National Mutual Asia, says that it has managed to rein around 2,800 of its 3,300 sales agents despite an alleged smear campaign intended to discredit the company.

The 83 percent of the agents retained is up from an estimate of 75 percent given by the company, which is controlled by Australian insurance group National Mutual Life, in the middle of last week.

National Mutual has sued its former chief executive, Andrew Yang, and three other former employees for the alleged campaign to damage the company. It said that anonymous faxes were sent to newspapers in Australia and Hong Kong in recent weeks questioning the parent company's commitment to the Hong Kong operation and the group's financial stability. Mr. Yang resigned from National Mutual Asia on Jan. 20.

Ekran Wins Malaysia Dam Project

KUALA LUMPUR (Combined Dispatches) — Ekran Bhd. has won approval from the Malaysian government to lead a consortium that will build a 15 billion ringgit (\$3.5 billion) hydroelectric power generating facility at Bakun in Sarawak state, the company said.

The 2,400-megawatt project will take 10 years to complete. Ekran will invite the Sarawak state government to take a stake of more than 50 percent in the project. Ecologists criticize the plan because it will involve the clearing of 200,000 hectares (495,000 acres) of forest.

The project will involve the construction of a dam and lake covering 1,000 hectares and transmission of electricity through submarine cables from Sarawak on Borneo Island to Johore in peninsular Malaysia, 650 kilometers (400 miles) away, Ekran said. (Bloomberg, Reuters, AP)

Green Point Savings Issues Stock

NEW YORK (NYT) — After surviving a hostile takeover attempt, a half-dozen lawsuits and a government rebuke, the Green Point Savings bank has gone public, issuing \$804 million in stock just hours before a crucial deadline.

It was the largest initial public offering by a bank or savings institution in the last 20 years. As expected, the stock, which was sold to depositors Friday at \$15 a share, traded heavily over the counter. Nearly one-fourth of Green Point's 53.6 million shares changed hands after the stock began trading about 1:30 P.M. The shares jumped 27 percent, closing at \$19.

The trading was authorized when a three-judge panel of the United States Court of Appeals for the 2d Circuit lifted a temporary restraining order issued by a lower court. That ruling had been in a suit brought by lawyers representing depositors who had wanted the share issue blocked.

For the Record

Pilkington PLC, the British glass maker, said it plans to lay off another 20 workers, bringing to 500 the number of layoffs the company has put in four months, the BBC reported. (Bloomberg)

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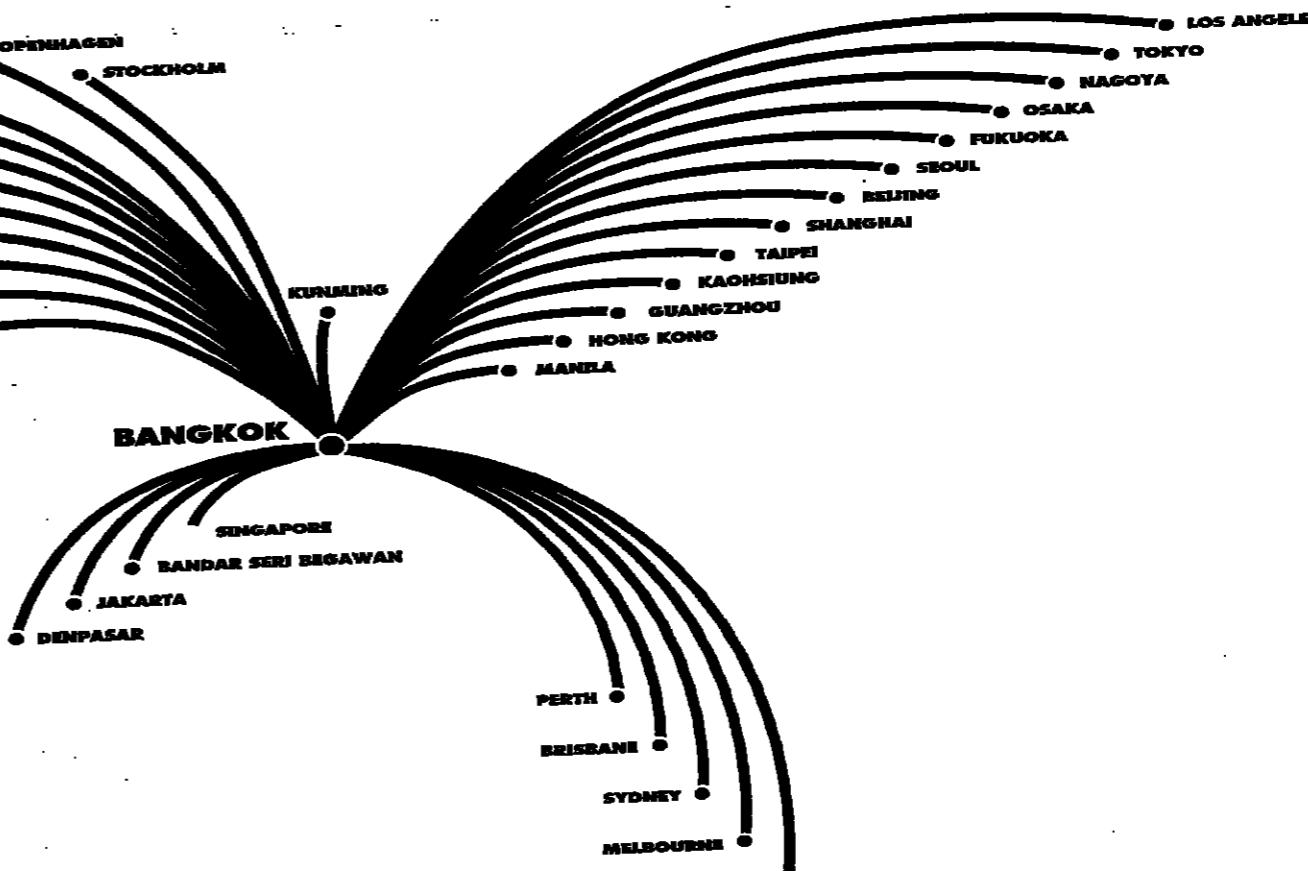
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New International Bond Issues

Compiled by Lawrence Desvillettes

Issuer	Amount (millions)	Mat. 1999	Coup. %	Price 99.20	Price and week	Terms
Floating Rate Notes						
Bandco di Napoli	\$150	1999	0.15	99.20	—	Over 6-month Libor. Noncallable. Fees 0.20%. Denominations \$10,000. [Merrill Lynch Int'l]
Bear Stearns Company	\$100	2004	1%	100	—	Below 6-month Libor. Minimum interest 5%. Noncallable. Fees 0.35%. Denominations \$100,000. [Bear Stearns Int'l]
Commonwealth Bank Australia	\$100	1995	0.60	100	—	Over 3-month Libor, if within defined range. Noncallable. Fees not disclosed. Denominations \$10,000. [Salomon Brothers Int'l]
Credit Suisse	\$200	1999	0.15	99.65	—	Over 6-month Libor. Noncallable. Fees 0.20%. [CS First Boston]
Crédit National	\$250	1997	Libor	99.77	—	Interest will be the 3-month Libor. Callable at par from 1996. Fees 0.15%. [CS First Boston]
General Electric Capital Corp.	\$100	1997	0.20	100	—	Interest pays 91-day CEFES plus 0.20%. Noncallable. Fees 0.25%. [Kodak, Peabody Int'l]
Ontario	\$2,000	1999	Libor	99.55	—	Interest pays 3-month Libor. Noncallable. Fees 0.125%. Denominations \$100,000. [Chemical Investment Bank]
Union Bank of Finland	\$100	1997	1%	99.95	—	Over 3-month Libor. Noncallable. Fees 0.125%. Denominations \$100,000. [Chemical Investment Bank]
HMC Mortgage Notes 11	£100	2021	1%	100	—	Over 3-month Libor. Reoffered at 99.95. Callable at par in 1997. Fees not disclosed. Denominations £100,000. [Jenman Brothers Int'l]
National & Provincial Building Society	£150	1999	0.10	99.98	—	Over 3-month Libor. Callable at par from 1998. Fees 0.15%. Denominations £100,000. [Goldman Sachs Int'l]
SBAB	¥15,000	1999	Libor	99.85	—	Interest pays 3-month yen Libor. Noncallable. Fees 0.20%. [Daiwa Europe, Fuji Int'l Finance]
SBAB	¥15,000	1999	0.20	99.70	—	Interest is 3-month yen Libor plus 0.20%. Minimum interest is 7.5%. Noncallable. Fees 0.20%. [Daiwa Europe, Fuji Int'l Finance]
Fixed-Coupons						
Crédit National de Crédit Agricole	\$100	1997	zero	101	—	Reoffered at par. Redemption amount at maturity will be linked to the performance of the Hong Kong stock index. Fees 1.5%. [BII Int'l]
Betabros	\$150	2002	6%	99.59	—	Semiannual. Noncallable. Fees 1%. Denominations \$10,000. [Nomura Int'l]
Osterreichische Postsparkasse	\$100	1995	4%	100	—	Interest will be 40% for each day 3-month Vienna lire Libor is between 7.5% and 7% for the first 6 months, and between 6.9% and 6.5% for the next 6 months. If Libor is outside of these ranges, no interest is paid. Noncallable. Fees 0.15%. [Creditanstalt-Bankverein]
Standard Credit Card Master Trust	\$750	1999	4.65	99.88	—	Noncallable. Fees 2.9%. Also \$4 million of notes paying 4.85% and priced at 99.87%. [Citibank]
LKB Baden-Württemberg Finance	DM 750	2008	6%	103.20	—	Reoffered at 103.20. Noncallable. Premium with outstanding issue, rating total amount to 2.25 billion marks. Fees 2.9%. [J.P. Morgan]
BOC Group	£125	2004	6%	100.915	—	Reoffered at 99.29. Noncallable. Fees 2%. [CS First Boston]
Rothschild Continuation Finance	£125	perpet	9	99.569	—	Callable from 2004 at par. Fees 0.75%. [Hoenz Gottsch]
Bayerische Landesbank	FF 500	2002	zero	100	—	Issue will be split into a zero bond and a bond paying 2.6%. Redemptions from 1995. Redemption amount at maturity will be linked to the performance of the CAC 40 stock index. Fees not disclosed. [Kassa des Dépôts et Consignations]
Caixa Centrale de Crédit Immobilier	FF 2,000	2002	6	97.92	—	Noncallable. Fees 0.35%. [Caixa des Dépôts et Consignations]
DSL Finance	FF 1,500	2004	5%	98.67	—	Noncallable. Fees 0.325%. [Deutsche Bank]
Aegon	DF 250	1999	5%	100.04	—	Reoffered at 99.99. Noncallable. Fees 1%. [ABN-Amro]
Austria	DF 1,000	2024	6%	98.80	—	Reoffered at 98.15. Noncallable. Fees 1%. [ABN-Amro Bank]
De Nationale Investeringenbank	DF 500	2000	5%	100.17	—	Reoffered at 99.42. Noncallable. Fees 1%. [ING Bank]
LKB Baden-Württemberg Finance	IT 300,000	2004	7.80	101.14	—	Noncallable. Fees 2%. [Credito Italiano]
Suedwest LB Capital Markets	IT 150,000	2004	8	101.80	—	Noncallable. Fees 2%. [Banca di Roma]
Eksportfinans	sk 1,500	2004	6%	99.296	—	Noncallable. Fees 0.875%. [Salomon Brothers Int'l]
Nordic Investment Bank	sk 1,500	1999	6%	99.416	—	Noncallable. Fees 0.375%. [Merrill Lynch Int'l]
Abbey National Treasury Services	cs 200	2004	6%	101.355	—	Reoffered at 99.705. Noncallable. Fees 2%. [Salomon Brothers Int'l]
Helaba Finance	cs 200	2004	6%	100.445	—	Reoffered at 98.77. Noncallable. Fees 2%. [Daiwa Europe]
Ontario	cs 1,250	2024	7%	98.42	—	Semiannual. Noncallable. Fees 0.45%. [Goldman Sachs Int'l]
News America Holdings	Aus\$ 150	2014	8%	100	—	Semiannual. Noncallable private placement. Fees not disclosed. [Merrill Lynch Int'l]
Treasury Corp. of Victoria	Aus\$ 200	2002	6%	101.18	—	Reoffered at 99.63. Noncallable. Fees 1%. [Swiss Bank Corp.]
Equity-Linked						
Industrial Credit & Investment Corp. of India	\$175	2000	open	100	—	Coupon indicated or 2% to 36%. Noncallable. Convertible at an expected 13 to 18% premium. Fees 2.4%. Terms to be set Feb. 4. [J.P. Morgan Securities.]
Itachu Fuel	\$150	1998	1%	100	—	Noncallable. Each \$10,000 note with two warrants exercisable into company's shares at an expected 25% premium. Fees 2.9%. Terms to be set Feb. 1. [Nikko Europa]
Kissei Pharmaceutical Co.	\$100	1998	1%	100	—	Noncallable. Each \$25,000 note with one warrant exercisable into company's shares of 5.92% per share end of 11/20 yen per dollar. Fees 2.9%. [Daiwa Europe]
Paul Y-ITC Constructions Holding	\$100	2001	5	100	—	Noncallable. Convertible at HK\$2.90 per share and at HK\$7.723 per dollar. Fees 2%. [Paragon Capital]
PIV Investment Finance	\$200	2000	4%	100	—	Semiannual. Convertible of par from 1997. Convertible at HK\$24 per share and at HK\$7.7235 per dollar. Fees 2%. [Morgan Stanley Int'l]
Tanayong Public Company	\$125	2004	open	100	—	Coupon indicated of 3% to 4%. Redemptions in 1999 to yield 1 to 2 over Treasuries. Convertible at an expected 10 to 15% premium. Fees 2.6%. Terms to be set Feb. 2. [Swiss Bank Corp.]
United Engineers	\$200	2004	open	100	—	Semiannual coupon indicated at 2 to 2.5%. Redemptions in 1999 to yield 5.0%. Convertible at an expected 15 to 18% premium. Fees 2.6%. Terms to be set Jan. 31. [Morgan Stanley Int'l]
Danisco	dk 1,000	2004	5	100	—	Noncallable. Convertible of 12.60 kroner per share, a 20% premium. Fees 2.5%. [S.G. Warburg Securities.]

BONDS: The Dollar Paper Chase

Continued from Page 7

traders said investors responded enthusiastically to a traditional floating-rate note providing a high-return.

The main feature this week will be China's \$1 billion global bond of 10-year fixed-coupon paper. Yield shows in the major markets have built tremendous demand for the issue, which is expected to be priced to yield around 85 basis points more than U.S. government paper, and some increase, possibly to \$1.25 billion is likely.

Portugal, an infrequent borrower, also intends to raise up to \$1 billion, but it is unclear whether this will be part of a global bond offering or a domestic issue in the U.S. market.

This week, Portugal is expected to tap the international market for a global issue of 750 million Euro-dinar currency units (\$839 million) of 10-year bonds. Talk in the market is that the paper will be priced to yield 30 basis points over the benchmark French government Ecu paper, which currently returns 5.97 percent.

Swiss Jobs Outlook Darkens

Bloomberg Business News

DAVOS, Switzerland — Unemployment in Switzerland will not decline until 1996, Economic Minister Jean-Pascal Delamuraz said on Sunday, contradicting statements made earlier this month by government officials and the Swiss National Bank.

The current unemployment rate now stands at 5.1 percent. Mr. Delamuraz said, "All this year, unemployment will stay at this level, if not get worse, and that applies also to next year." He added that even relatively low interest rates and inflation would not alleviate the jobless total in the near future.

Balladur Unveils Economic Stimulus Package

Compiled by Our Staff From Dispatches

PARIS — Prime Minister Edouard Balladur unveiled measures Sunday to help stimulate the economy, and said he was standing by a growth forecast of 1.4 percent for this year.

Mr. Balladur spelled out some of the new measures after a government seminar on the economy.

These also included a decision to partly unlock money tied up in employee profit-sharing plans. By some accounts freeing up the money in these funds could boost consumer spending considerably.

Mr. Balladur said the money could be removed from the plan if it was used to buy cars or to do housing-related projects.

He also announced initiatives to encourage the creation of low-pay

service-sector jobs, extend existing training and youth employment programs, and trim spending in the public health services.

He said the cost of the new measures is "not considerable" and that the their effect on the budget ought to offset by the improved tax returns that would follow stronger economic growth.

Mr. Balladur said that gross domestic product shrank by about 0.8 percent last year, the figure used for the 1994 budget. Ministers had been saying the shrinkage may have been only 0.7 percent.

The government also plans to speed up a program of refunding yield-added tax to companies for those which take on new workers, especially young apprentices and other trainees, he said.

GERMANY: Metal Workers Strike at a Risky Time

Continued from Page 7

element of flexibility in Germany's rigid nationwide collective bargaining agreements, while the union seeks an end to the massive layoffs that are fueling record unemployment and whitening away at its membership.

Mr. Ost cited a confidential forecast that 1 million to 2 million workers in German industry risk losing their jobs this year. More than 4 million people are already jobless or unemployed.

Metals-industry employers sought to underline the urgency of their situation last November by abrogating an existing contract for the first time ever, putting IG Me-

EU Airline Industry

A panel charged with finding a cure for the ills of the European airline industry will prescribe a mixture of competition and a tough policy on state aid when it reports its findings Tuesday, Reuters reported.

The panel, which comprises a group of key executives in the travel and tourism world, was asked last year by the European Union to come up with ways to help an industry that had losses of \$2.2 billion in 1992.

Their task has been made more difficult by the deep divisions within the industry over what measures were needed to revive the sector.

In the end, air transport sources say, the panel has come down on

the side of continuing a policy of open competition.

They said the panel would urge a tough policy on state aid to airlines, many of which are government-owned, arguing it should be granted only in limited circumstances.

EU transport ministers will give the idea, which will not be binding, a first airing at an informal meeting in Athens on Feb. 7.

In another development, KLM Royal Dutch Airlines' pilots union said it was considering a slowdown, and possibly a strike.

EUROPE: Investing Abroad

Continued from Page 7

market to take advantage of the many financial products and services there.

Bilateral trade between the two countries amounted to more than \$1.5 billion in 1993.

On Friday in Bangalore, India, Mr. Goh launched Singapore's largest project in that country, a 58-acre (23-hectare) information-technology industrial park scheduled to open in 1995.

The project is a joint venture between the Tata group, one of India's largest industrial conglomerates, the Karnataka state government, and a consortium of private and government-linked Singapore companies. Tata has a 40 percent equity, Karnataka 20 percent and the Singapore consortium 40 percent.

Often called the Silicon Valley of India, Bangalore has attracted many information-technology companies and professionals.

Mr. Yeoh said that with a presence in Bangalore, DBS would be better placed to finance increasing trade flows between India and Singapore and introduce Indian companies to the Singapore capital

INDIA: Faster Change

Continued from Page 7

and India's capability to tackle them," Mr. Singh said. He added, "We do need much higher growth rates. We need to 7 percent."

"I know of no country which in the first two years of the program of adjustment-cum-structural reforms managed to achieve those sort of growth rates," he said.

Although he was not implicated in the affair, in late December Mr. Singh offered his resignation as finance minister to take responsibility for a massive stock market scandal centered on a Bombay.

Mr. Rao, encouraged by a display of widespread public support from the local and international business community for Mr. Singh and his policies, rejected the offer to step down after several days of national debate.

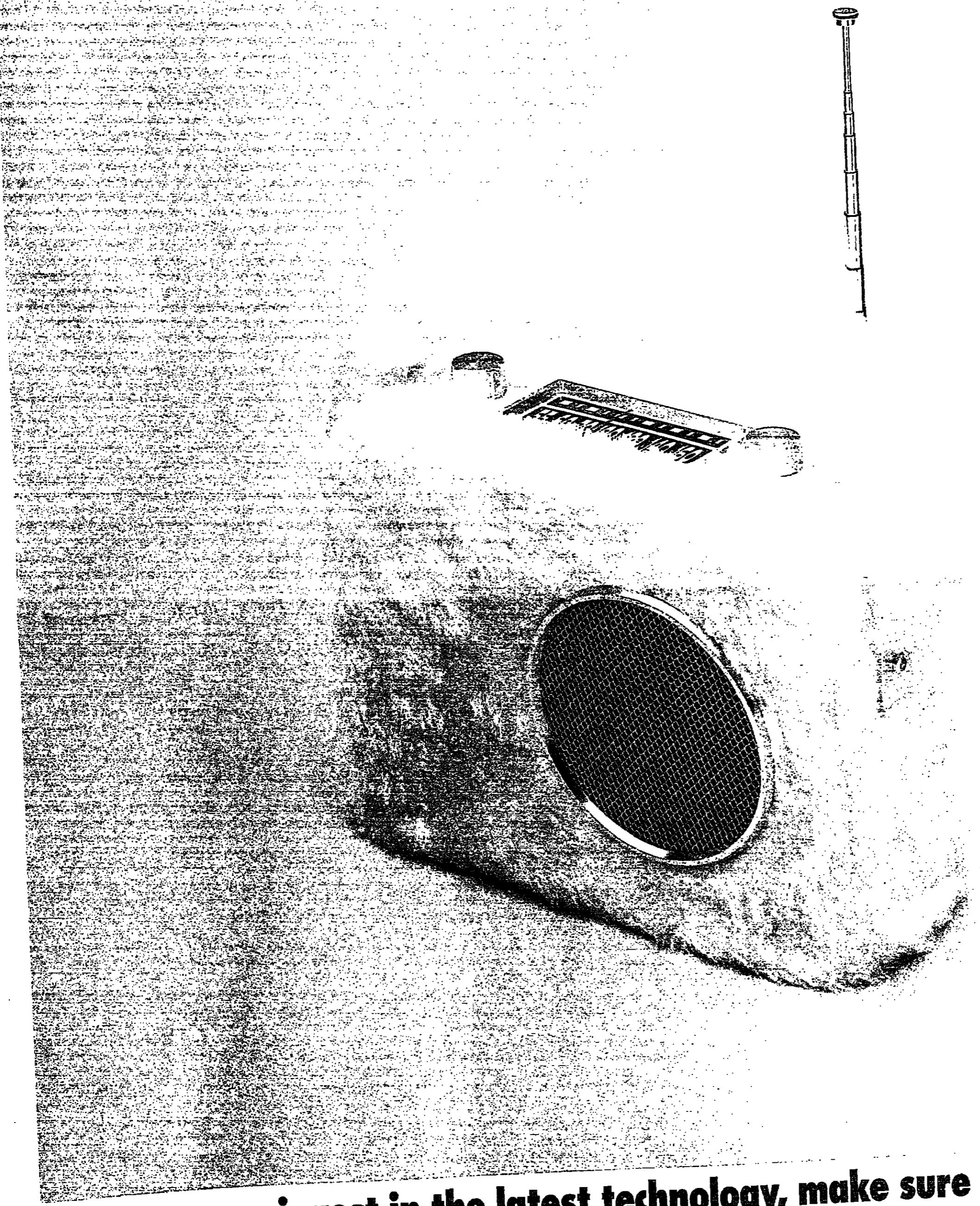
"They needed him then," said Australia's high commissioner to India, David Evans. "And they need him now."

Meantime, India is looking abroad. "Our future is East more than West," Mr. Singh said. "We would like to retain our links with our traditional partners. But Asia today is the center of economic activity and we would like to be a part of that process."

Still, East Asia's most dynamic economic success story, China, is not Mr. Singh's idea of a blueprint.

"Much as I admire the Chinese achievements, we cannot go the Chinese way," he said.

Italy Sets Price of 33% IMI Offering



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Russia Outlook: Hyperinflation, Falling Output and Reform Paralysis

By Alan Friedman and Jonathan Gage

International Herald Tribune

DAVOS, Switzerland — Russia is headed for a year of hyperinflation, declining industrial production and paralysis of reform efforts, leading Russian politicians and Western economists said here this weekend.

The economic crisis will probably be made worse by a lack of political will on the part of Prime Minister Viktor S. Chernomyrdin to take necessary but harsh measures, said Boris G. Fyodorov, who resigned as Russia's finance minister last week. Mr. Fyodorov made his remarks during a roundtable on the future of the Russian economy sponsored by the International Herald Tribune and the World Economic Forum.

Sunday night, Mr. Chernomyrdin dismissed a critic of his government and in a message designed to reassure Western diplomats and business executives, said he was certain that those who doubted Russia would succeed with reform "would be put to shame."

But Grigori A. Yavlinsky, the radical reform politician who is among the fresh-faced victors of last December's parliamentary election, said earlier: "We have no government, no plans, no ideas and

a very unstable president." Mr. Yavlinsky's reference to President Boris N. Yeltsin was as far as any Russian would go on the record in describing what others in private depicted as Mr. Yeltsin's depressed and withdrawn mood.

Apprehension and alarm about the slippery slope on which Russians find themselves were evident at the roundtable, which brought together Mr. Fyodorov, Anders Aslund, who resigned recently as an adviser to the Russian government, and Arkadi I. Volsky, president of the Russian Industrialists' and Entrepreneurs' Association.

The discussion underscored political and generational differences in how to approach economic reform, with Mr. Fyodorov and Mr. Aslund making dire forecasts and Mr. Volsky resisting the harsh measures that Western economists say are needed if Moscow is to proceed on the road to a market economy.

The one thing all three roundtable participants agreed upon was that, irrespective of Mr. Chernomyrdin's promises, his government was not truly committed to reform, and was unlikely to provide much in the way of economic leadership.

Mr. Fyodorov said boldly that he expected "a far more populist, less well-thought-out way of managing the economy." He predicted that

"the odds are 75 percent that things will go the wrong way."

What that implied, said the Russian politician, who has won plaudits from the Clinton administration and the International Monetary Fund for his dedication to reform, was that by the middle of 1994 the monthly inflation rate could leap to 35 percent from an estimated 12 to 15 percent at the end of 1993.

Real income will fall, there will be no growth in industrial production and the budget deficit in the first quarter of 1994 will amount to 15 trillion rubles (currently \$11.1 billion), or twice the level contained in budgetary planning just a few weeks ago, Mr. Fyodorov predicted.

While Mr. Aslund agreed with Mr. Fyodorov, warning that "the people who remain in government are the most conservative," Mr. Volsky argued that there was too much hysteria about the Russian economy in the Western media.

Turning to industrial issues, Mr. Fyodorov insisted on the need for the radical restructuring of Russian companies. "It is obvious that there is now no industrial policy to speak of, that there should be massive closures with heavy reductions in the number of workers, and that we need to be much tougher on inefficient industries," he said.

Mr. Fyodorov added that as long

as Russia's central bank hanged

Yavlinsky and Fyodorov Talk Over Joining Forces

International Herald Tribune

DAVOS, Switzerland — In a bid to piece together the divided Russian reform movement, Grigori A. Yavlinsky, the newly elected leader of the Yabloko bloc in the Russian parliament, and Boris G. Fyodorov, who quit in protest last week as finance minister of the Russian government, are discussing joining forces, the two men said.

Mr. Yavlinsky said: "We are talking about him joining my party. For me it would be a very big privilege if Boris would join my party. We're looking for a strategy of how to do that." He predicted the two would reach a solution "very soon."

Mr. Fyodorov said: "He made me an offer. I said I would think about it." The two went to a private hub during a break in the World Economic Forum meetings here.

But Mr. Yavlinsky said that, despite the closeness of their ideas and their personal friendship, "it's not so easy" for his party to embrace a man who "came from a government that brought 30 percent inflation a month and a 52 percent decline in production."

It would be necessary to wait for a while before reformers could hope to return to power, he concluded.

as Russia's central bank hanged

percent to 210 percent, a level that was still too low.

Mr. Volsky, a proponent of gradual reform who rose through the ranks of the central-planning state industrial apparatus in the former Soviet Union, replied that Russian industry was already heavily indebted, with interest rates that were "too high, not too low" for many companies.

Mr. Aslund said the problem went beyond cheap credit for industry. "The basic problem is that for a long time state enterprises didn't take the government seriously, and went back to their old ways of relying on the government to bring money for them instead of urging more efficiency," he said. "We need to start everything new."

Mr. Volsky contended that "Aslund sounds like a neo-Bolshevik and Fyodorov sounds like he comes from another planet."

When asked what Western governments and multilateral organizations should do about aid now that the reformers have been shut out of the Russian government, the industry association president replied sarcastically: "The West should stop promising and start delivering, and governments should not facilitate arguments in Russia."

Mr. Fyodorov took a stern view, saying he was opposed to the IMF or others "bending the rules too much." He added that training and technical assistance were now more important than money. Mr. Aslund insisted it was still "important for the West to stay positively engaged."

When asked about the ability of

Russia to service its more than \$80 billion of external debt, including \$24 billion of commercial bank debt, Mr. Fyodorov said debt re-

scheduling was "inevitable and it is under way." He said that just before resigning as finance minister he had been trying to prepare a medium-term plan for Russia's foreign debt, including a \$500 million payment to the London club of commercial bank creditors.

"I would also prohibit the prime minister or the president," he said, "from taking decisions not explicitly in the budget, which is very important in our country. I would start restructuring the 100 biggest enterprises and fire most managers, and I would fire the entire staff of Chernomyrdin and never allow them to return."

Mr. Volsky ridiculed the problem of Russia's debt burden, complaining that Western governments had been more generous toward Poland's debt than Russia's. He changed the subject to note that Third World countries still owed Moscow about \$100 billion.

"Let the Western governments help us to recover our debts first," he said.

The Russian industry leader refused to be pinned down even when asked to list the most urgent steps needed to save the Russian economy this year.

"First, I would have the government renew negotiations with Fyodorov to return," he said, as the former finance minister shook his head. "I would stabilize relations with other former Soviet republics, then I would take into account regional economic interests within Russia and I would keep pressure on to support small and medium business."

Li

Mr.

Fyodorov

re

BADEN-WÜRTTEMBERG

MARKETS ARE REMODELING GERMANY'S 'MODEL STATE'

The last two years will likely go down in Baden-Württemberg's annals as a relatively short, uneven recession triggering a long-term, top-to-bottom restructuring of the state.

Six quarters of economic contraction have been succeeded by one of rising industrial output and exports. At the recession's worst, declines of 4 percent were recorded, not unduly dramatic by current world standards, and certainly no cause for alarm considering the state's overall track record: five decades of

unparalleled, nearly unbroken industrial and export expansion, and a century and a half of unflagging innovation and enterprise.

Because the recession hit the automobile and mechanical engineering sectors — the state's showcase industries — especially hard, and because it was accompanied by a (continuing) rise in unemployment, it drove the state to the conference table, to the CAD/CAM computer's drawing board and to nearly all parts of the business world.

Over the last year and a half, Baden-Württemberg has been in convocation. In dozens of formal and ad hoc round tables, panel discussions and "special interest" congressional members of the state's business, financial, official and educational communities have been wrestling with a single, essential question: What has to be changed to retain our leadership in the world's high-tech markets?

A simple, fundamental answer has emerged, and is already being implemented: Put the world's markets to work remodeling the model state and the way its companies do business.

"Now, before our tinkerers start tinkering and our rapid prototypers start pro-

totyping," says Dieter Spörle, Baden-Württemberg's deputy prime minister and minister of economic affairs, "they've been 'on-market' to Guangzhou, Monterrey, Buenos Aires, Kansas City, ascertaining on-line these markets' needs, price and feature expectations."

For the better part of five decades, we had it very easy," says Werner Schmidt, chairman of the board of managing directors of Südwestdeutsche Landesbank, the state's leading bank. "We came up with advanced, highly reliable products, presented them to the world, and the world went ahead and bought them."

The state is still coming up with advanced products, and the world is still buying them. Over the last few years, Baden-Württemberg has kept its lock on the leadership of Germany's patents and exports-per-capita tables. Orders from non-German customers for industrial goods rebounded in the last quarter, powering the state to a 5 percent quarter-on-quarter rise in industrial production.

Judging by the slew of excited reports on path-blazing new products emerging from the state,

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Building on the past: today's auto manufacturing continues the tradition begun by Carl Benz and Gottlieb Daimler in the 19th century.



Baden-Württemberg has never been busier.

If the world markets are now acquiring products," says Erwin Teufel, the state's prime minister, "it's because these items are new-generation products, not only designed for today's rapidly changing markets, but also generated by the markets themselves."

THE BLACK FOREST'S WHITE TABLECLOTHS

The mountains came eons ago, thrown up by seismic and volcanic activity. Trees, mostly conifers, flourished in the black soil left behind. They grew so thickly that the Alemanni, the local Germanic tribe, peered into the impenetrable gloom and called it the Schwarzwald — Black Forest.

Some of the Alemanni and their descendants braved the heights and isolation and made settlements in the forest. Most of them stayed on the Rhine side of the valley and cultivated vineyards, producing wine — and, eventually, a particularly sumptuous cuisine.

Mark Twain and legions of other late-19th-century wanderers came to hike the forest's depths in search of

wellness has become one of the region's two big "smokeless industries." Thirty-eight communities offer 158 different therapeutic facilities as well as sanatoriums and clinics.

Joining spa visitors and vacationers on the Schwarzwald's winding roads are restaurant critics and amateur — although no less dedicated — gourmets.

No area in Germany has so many gourmet restaurants. Bauersbrunn, a town of 16,000 located in the north Schwarzwald area, has eight alone, according to the Gault-Millau restaurant guide. The Schwarzwald area has 38 other comparable "gourmet communities."

Not is culinary excellence confined to the western part



Typical of the area is the Schwarzwaldhaus, or Black Forest house, with its jutting roof.

unspoiled nature. Later, a host of less-athletic nature lovers would discover the forest via an incredibly winding grid of roads.

Here nature is still quite beautiful, although no longer unspoiled, and is now being appreciated by a different set of visitors in a different way.

It is the perfect setting for a spa: clean air, mineral springs — another product of the volcanic era — and wooded surroundings.

From Freudenstadt in the north to St. Blasien, 140 kilometers to the south,

of the state. Two of Germany's top 10 restaurants are located in Wertheim-Bettingen and Öhringen, in the northern part of the state, while another is to be found in Ravensburg, near Lake Constance.

Still, the concentration of world-class restaurants is strongest in the Schwarzwald.

"At least when one does overindulge, the cure is always close at hand," says Christian Heydrich, a Freiburg-based amateur gourmet.

AN INVESTOR'S GUIDE TO THE REGION

Well before the Romans conquered Western Europe, this area was established as one of the main trading centers of the Continent. Today, the state's geographical variety is matched by its wide range of commercial activities.

Lake Constance-Upper Swabia: The lake and its northern bank are one of Germany's main tourist centers. This prime agricultural area produces a wide range of wines, dairy products and hops. Ravensburg and Friedrichshafen are major industrial centers, with large-scale aviation, medical-technology and consumer-goods sectors.

Upper Rhine-Lake Constance: This region includes the western end of Lake Constance and the state's southwestern corner. Konstanz is a sophisticated resort and university town. Singen features extensive research facilities and metallurgical-engineering companies. A string of small cities stretching eastward from Weil am Rhein to Waldshut-Tiengen, along the Rhine's northern bank are home to a wide range of chemical and textile manufacturers.

Southern Upper Rhine: Bounded by the Rhine to the west and the heights of the Black Forest to the east, this predominantly rural region's metropolitan centers include Freiburg, a center for tourists, university students and electrical and environmental engineers; Offenburg, with large-scale paper, chemical and printing industries; Wildstadt and Lahr. The volcanic soil of the Kaiserstuhl promontory produces some of Germany's finest wines.

Karlsruhe: Karlsruhe's widely diversified indus-

trial base is made up of advanced communications and information-technology systems, as well as chemical, paper, metal and food-processing companies. Rastatt, Gaggenau, Bruchsal and Ettlingen feature automotive-engineering, consumer durable and industrial sectors. There are a number of spas in the region, including Baden-Baden, one of the most famous in Europe.

Black Forest-Baar-Heuberg: Located at the



Aerial view of Stuttgart, the state capital.

junction of two wooded upland regions and Lake Constance, this region has a number of relatively small-sized cities — Villingen-Schwenningen, Tuttlingen, Überlingen and St. Georgen — with internationally sized industrial, medical, precision-manufacturing sectors. This region is increasingly becoming a center for year-round tourism.

Heilbronn: The Heilbronn-Neckarsulm metropolitan area has a cluster of automotive, electrical-engine-

ing and food-processing companies. Its industrial community is anchored by Pforzheim, Germany's watch- and jewelry-making "gold city." Mühlacker, Calw and Horb am Neckar feature diversified manufacturing sectors. This region is becoming a center for year-round tourism.

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Stuttgart: The Heilbronn-Neckarsulm metropolitan area has a cluster of automotive, electrical-engine-

FINANCIAL COMMUNITY'S LOCAL BASE UNDERPINS INTERNATIONAL OUTREACH

Esslingen, Böblingen and Sindelfingen, each with its own highly developed corporate community.

Elsewhere in Europe, important companies tend to congregate in central economic regions. Here, too, Baden-Württemberg is an exception. Greater Stuttgart has Daimler-Benz (Germany's largest company), Robert Bosch (number 10) and about a quarter of the state's other top 50 companies.

Heidelberg, Waiblingen, Oberkochen and nine other communities are home to the

rest, including such famous names as Heidelberger Druckmaschinen AG (the world's largest producer of printing machines).

Andreas Stihl KG (Europe's

chain saws), the Freudenberg group (plastic-based

components, sealants and non-wovens) and Carl Zeiss (precision optics).

For every one of these

heavyweights, there are

hundreds of "market

movers," barely known out-

side their small towns or

niche markets, but interna-

tional business powers in

their own right. Following a 120-year-old tradition, all these companies bank locally and act internationally.

For a variety of very understandable reasons, nationwide finance houses didn't really play a major role in either of Baden-Württemberg's two industrial revolutions," says Werner Schmidt, chairman of the board of managing directors of Südwestdeutsche Landesbank (SüdwestLB), the central banking institution of the state's 340 billion Deutsche mark (\$196 billion), 50,000-employee savings bank.

"Both these revolutions involved locally founded companies with very new products — in the late 19th century, the automobile, portable drill, boring and the kneading machines, even the Zeppelin; in the 1950s, plastics processing machines, offset printing presses for newspapers and numerically controlled machines," says Mr. Schmidt.

"These were not the quick-return, high-yield items that would capture the eye of heavyweights," says Mr. Schmidt. "These were not the quick-return, high-yield items that would capture the eye of heavyweights."

The result, Mr. Schmidt explains, is that corporations and their work forces sought financing at the local level, producing a community-based financial sector in the state.

Today, 727 of the 848 banks with headquarters in the state are mutually and locally owned credit unions, savings banks and building societies, including 56 of the state's 60 largest banks. Many of these locally founded "mutuals" have gone on to become nationwide powers, including the Schwäbisch Hall and

Wüstenrot building societies.

A broad base of small-sized companies, a locally based financial system, 112 billion DM in annual exports — this configuration places unique demands on the state's international finance houses, according to Mr. Schmidt.

"A typical company in Baden-Württemberg has a turnover of 200 million DM and business relationships with 80 different countries," says Mr. Schmidt.

"Increasingly, these relationships involve more than the simple interchange of goods. Most state companies have extensive international networks of foreign offices, distribution centers and, in many cases, production facilities."

At the same time, for a variety of practical reasons — primarily the advantages of dealing with a trusted partner in one's own language and currency — Baden-Württemberg's exporters have displayed great loyalty to their Haushenken (long-time bankers). As a result, the state's major banks have become experts in managing "site-to-site" international business relationships.

In conducting this multifaceted mass of financial and technical operations, the state's banks use a range of classic methods. In addition to maintaining subsidiaries, associates and offices in 19 international financial centers, SüdwestLB, the state's largest financial institution, has corresponding relationships with some 1,000 banks, plus access to another 700

Continued on page 14

THE ESSENTIAL BADEN-WÜRTTEMBERG

FACTS AND FIGURES

Population: 10.14 million

Area: 35,751 square kilometers

Capital: Stuttgart (pop.

539,000)

Other major cities:

Mannheim (pop. 318,000)

Karlsruhe (pop. 279,000)

Freiburg (pop. 196,000)

Heidelberg (pop. 140,000)

Prime Minister: Erwin Teufel

Deputy Prime Minister

and Minister of Economic Affairs: Dieter Spörle

Ministry of Economic Affairs

Ministry of Finance

Ministry of the Interior

Ministry of Justice

Ministry of the Environment

Ministry of Culture

Ministry of Education

Ministry of Research and Technology

Ministry of Health

Ministry of Sport and Recreation

Ministry of Transport and Communications

Ministry of Posts and Telecommunications

Ministry of Agriculture, Forestry and Natural Resources

Ministry of State for Europe and the Environment

GERMANY: BADEN-WÜRTTEMBERG

THE PRIME MINISTER DEFINES THE STATE'S ROLE IN EUROPE

Erwin Teufel has been prime minister of Baden-Württemberg since January 1991. After earning a degree in public administration in 1961, Mr. Teufel occupied a variety of local public positions. In 1972, he was elected to the state parliament and subsequently held a number of ministerial-level posts. Since 1992, Mr. Teufel has been vice president of the Assembly of European Regions. He recently spoke about his state's future in Germany and in Europe.

Your state's government, business and education communities have been engaged in an unprecedented round of deliberations mapping out an economic future for Baden-Württemberg. Where do you now stand in this process?

The first phase of inventory-taking and consulting has now largely been com-

'European unity is a fact of life'

pleted. Our "Economy 2000" commission has just come out with a highly detailed report analyzing in great depth what's been accomplished and what needs to be done in this state and who's going to do it — the state's companies and communities. The

unions and universities, my administration, even the role of the European Union in all this. The proposals are now being implemented. A newly established panel will monitor this implementation and will report on its successes and failures, and make any necessary changes along the way. This phase will be funded by the 1.1 billion Deutsche mark [5647 million] realized from the privatization of state-owned building insurance companies.

From the latest economic figures, which show turnarounds in industrial production and orders from abroad and an end to declines in GDP, it would seem that the need for these measures has been at least partially obviated.

Our immediate economic troubles may well be coming to an end. Many of the international factors that caused them — the recession in all our major markets, the strong appreciation of the Deutsche mark against other major currencies — have substantially moderated. A number of forecasts have even predicted a bit of economic growth in 1994. Unemployment is, however, going to remain a problem in the state for a good while.

To alleviate it, I've asked two universities in Baden-Württemberg to come up with practical proposals — not more studies, we have more than enough of them —

but measures this state can take within the confines of our limited resources. The long-term restructuring of our economy, however, has just begun. Whether that's going to take three, four or five years is not in my power to say. Of course, many of the state's individual companies are much further along in this process. They went through their "shakedown phase" year or two ago, and have reorganized, reoriented and repositioned. Many of them, quite a bit leaner and more aggressive, are recording gains in turnover, profits and exports.

Baden-Württemberg has been a leading advocate of regional-level ties, especially those within Europe. The European Union is not especially popular at the moment. Do you see these measures as an effective, alternative way of promoting European unity?

Very few of Germany's achievements — economic growth, reunification — over the last five decades would have been possible without the EU and its predecessors. Some 70 percent of Baden-Württemberg's trade is with Europe's countries. So European unity is not a distant goal for us; it's been a daily, highly appreciated fact of life for a long time. Our four decades of "being European" have shown us one important thing: greater unity shouldn't be equated



Erwin Teufel, prime minister of Baden-Württemberg.

with greater centralism. Nor does this unity have to be prescribed from above. Put simply, this means that there are responsibilities that can only be handled in Brussels, and just as many things best assigned to the local, regional or national levels. Because these lower-level, community-to-community, region-to-region interactions have generally been highly productive, they have built a ground swell of sentiment for Europe, for unity. One of these lower-level responsibilities is education in all its forms, operating systems of primary, post-secondary and professional education. There has been a highly fruitful exchange of experience, ideas and personnel with Rhône-Alpes, Catalonia, Wales, Saxony and our other partner regions, an exchange now being put to use in our outreach to Eastern Europe.

Through a major program of investment in research facilities and technology transfer, Baden-Württemberg's nine historic university towns — intellectual centers dating back to the Middle Ages — have been transformed into centers of innovation.

The past is what millions of tourists discover each year in Heidelberg, Tübingen, Freiburg and Baden-Württemberg's six other university towns. They come to see the taverns in which the Student Prince revelled, the tower in which Hölderlin waxed lyric, the streets that Hegel, Hesse and Schiller walked.

Each year, these same cities welcome other kinds of visitors. Research fellows and venture capitalists come by the thousands, and their destinations are often not the historic city centers, but the tracts of anonymous-looking low-rise buildings in the surrounding areas.

These areas represent the present in Baden-Württemberg's university towns. They house university research departments, the public-sector Fraunhofer and Steinbeis institutes, other applied and large-scale research centers, corporate research departments and the independent technology factories of dozens of budding companies.

In these buildings, building Kieplers, Geigers and Oppenheims have developed nanotechnologies, micro-sensors, fractal

organized production centers and other products and systems promising to revolutionize the world and our relationship with it.

This transmutation of university town to "universal center" is an important part of Baden-Württemberg's

world markets." Ulm is a leading example of this interactive development. Its 600-year-old core centers on its majestic cathedral and is encased by fortified walls. Its university is a bit younger, having been founded in 1967.

Over the last two and a half decades, "Science City" has grown around and amid the university. This is a cluster of interactive-development institutes: centers of laser-based medical technologies, applied knowledge processing, solar and hydrogen-based energy sources and 11 Steinbeis Foundation agencies.

Science City has had a new resident since October 1992. Joining a range of other private-sector research centers, Daimler-Benz's 270 million Deutsche mark (\$156 million) facility employs a staff of 1,000, developing products and technologies in microelectronics, production and environmental engineering.

Lahr, in the upper Rhine valley, has been home to 200,000 Canadian soldiers and civilians stationed at its NATO air base over the last three and a half decades. By the end of 1994, the Canadian military community will be gone, but the airfield and its related facilities will be converted into a center of air-based logistic and other professional services. The 600-hectare site is to provide the rapidly growing Upper Rhine area with a "business link" to world markets.



Tübingen is one of Germany's oldest and most famous university centers.

"We've taken stock of our communities' individual areas of strengths, and then provided them with the requisite complement of research and business development capabilities," says the minister. "After that, it's up to the communities' constituent elements to work together to develop viable products and services for

PINPOINTING AREAS OF GROWTH

Dieter Spöri has been Baden-Württemberg's minister of economic affairs and deputy prime minister since June 1992. After earning a doctorate in economics, he worked in a variety of corporate and institutional economic think tanks and taught at the University of Stuttgart. In 1976, he was elected to the Bundestag, serving there until 1988. Mr. Spöri is also chairman of Germany's Conference of Economic Ministers.

You've pinpointed "intelligent services" as a key area of future economic growth in Baden-Württemberg. Is there an ongoing move into such services in the state?

The service sector is growing in this state, as it is everywhere else in the world. On a percent basis, Baden-Württemberg's service sector is still relatively small, to be expected from state with our strength in manufacturing. Actually, should one count the service subsidiaries and activities of such major manufacturers as Daimler-Benz, IBM or Bosch, you'd probably come up with a much higher figure. Certain types of services do much more than create jobs or raise the GDP. Production-oriented, communication and media services cause increases in operating output and allow companies to create new generations of products. That's why these catalysts for change are a main focus of our business development activities, of our model regions, data com-

munications highways, media factories and other projects and incentive programs. In any case, I believe it's counterproductive to base business development policy on a false distinction between the secondary and tertiary sectors, on what has become a statistical convention. Take a look at this state's breakthrough sectors — mass transport and traffic

— general description of the sector, definitely not. Engineers, inventors, tinkerers — whatever you want to call them — transformed this state from Europe's poorhouse into one of its most productive regions. That contribution shouldn't be overlooked. In the recent past, the engineers may have gone too far, producing masterpieces better than what their markets needed or wanted. Our challenge is to maintain this technological lead — a vital advantage in the world's highly competitive markets — while tailoring individual products to meet purchaser needs. In my contacts with state companies, I've noticed an encouraging trend. Corporate sales and marketing executives now have a greater amount of input into initial product design. If you look at the newest products from our state's companies, I think you'll notice the change. These products have been "market-sized."

In one key way, the state's "tinkers" have, however, already done their job. First they took us from making clocks and watches to machines and chips and automobiles. Now their innovations are taking us into such high-growth areas as environmental engineering. The state produces 24 percent of Germany's "intelligent" environmental products. Some 800,000 jobs will be created in Germany's environmental technology sector by the end of the decade: 300,000 of those in Baden-Württemberg.

Baden-Württemberg's products get high marks for their technologies, performance and features. The rap: the products are often "over-engineered," too advanced for their respective markets. Do you agree with this analysis?

On a product-by-product basis, in some cases; as a

THE ART OF THIS STATE IS COMMUNICATIONS

Within 10 years, the "photonic era" will be upon us, according to John Mayo, president of AT&T Bell Laboratories. Instead of electrons, photons will process and relay vast volumes of information and signals in and between computers and communications systems.

If Baden-Württemberg's scientists have their way, that era will come even sooner. Building on their successes with ultra-high-speed, high-capacity transistors, the scientists have come up with OEICs (opto-electronic integrated circuits), the successor of today's microprocessors. OEICs will form

the building blocks of tomorrow's "communication highways." A large-scale test track for these highways, called OPAL 5, has been in operation in the Stuttgart area since 1992.

This brand-new information transport technology will soon be put to work carrying some heavy cargo. The state's advances in sensors are multiplying the amount and range of data to be relayed.

In 1991, 22.3 billion Deutsche marks (\$12.8 billion) was spent worldwide on sensors — the "five senses" of the technological world. According to a survey con-

ducted by Basel's Prognos market-research company, that figure will double by 2000, for a very simple reason. Distances and tolerances are now measured in nanometers, time in nanoseconds, dangers in parts per nanobillion, and information from these ongoing measurements in gigabytes. There is a surging demand for sensors capable of perceiving these ultra-minimal changes in concentrations of pollutants, in magnetic attraction and in surface characteristics, and then relaying this information on-line to computer-based monitoring networks. At latest count, there are 13,439

different kinds of sensors, many now featuring such esoteric operating materials as algae (biosensors) and ceramics (for uses in 1000-degree-plus environments). Baden-Württemberg's research labs and medium-sized companies are centers of sensoric development. Their sensors not only gather data, they also use advanced communication technologies to feed it into operating systems. The state's success in designing tailor-made sensor packages has given rise to ASIS, or "application specific integrated system," replacing the current ASIC (application specific integrated circuit).

FINANCIAL COMMUNITY'S BASE

Continued from page 13

through a working agreement with Standard Chartered.

"Collectively, our customers generate volumes of capital and currency adequate to make the state one of Europe's major financial centers," says Mr. Schmidt, "a center, however, that is spread out over some 36,000 square kilometers.

According to official sources, the total volume of loans made by the state's banks to companies, consumers and communities rose from 313 billion DM in 1989 to 432 billion DM at the end of September 1993, with incoming funds — principally deposits — volume of stocks and securities transactions showing even more dramatic increases.

SüdwestLB did better than that. Capping years of

have recently diverged. Wrestling with a worldwide recession and resulting falls in trade-led demand, the state's industrial companies are now putting a year and a half of recession behind them.

For the state's financial sector, on the other hand, the last few years have been a time of steady expansion. According to official sources, the total volume of loans made by the state's banks to companies, consumers and communities rose from 313 billion DM in 1989 to 432 billion DM at the end of September 1993, with incoming funds — principally deposits — volume of stocks and securities transactions showing even more dramatic increases.

SüdwestLB did better than that. Capping years of



Werner Schmidt of SüdwestLB.

steady advances, its results for the first half of 1993 showed a 20 percent rise in total balance sheet sum to 135 billion DM, and a 22 percent increase in profits from ordinary activities.

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Stuttgart and its tourist authority

Information

GERMANY: BADEN-WÜRTTEMBERG

ENVIRONMENT: NURTURING NATURE
ON THE SHORES OF LAKE CONSTANCE

Lake Constance, or the Bodensee, is one of Europe's most beautiful and widely visited natural attractions. It is also Germany's largest lake and the Continent's largest reservoir of potable water, supplying 5 million people.

Keeping the lake natural, despite a growing influx of tourists, year-round residents, agricultural and industrial users, is the job of Baden-Württemberg's environmental engineering sector. Working with the

Pollution reduced by 50 percent to 75 percent

lake's other users — Bavaria, Switzerland and Austria — the state has implemented far-reaching, integrated environmental management systems.

The lake is framed by the snow-crowned Alps and fed by of Europe's most storied rivers, the Rhine — at this stage a relatively pristine, rushing torrent. Thanks to a unique configuration of geography and winds, its banks are lined with palms and other flora typical of the subtropical climes of Southern Europe, including banks of orchids on Mainau, the "island of

flowers." It is an attractive spot, as 7 million tourists discover every year. About half of them descend upon Konstanz, Oberlingen, Friedrichshafen and other communities on the lake's northern shore. Meersburg, a village of 5,500 inhabitants, records more than 250,000 overnight stays a year.

Many visitors come for the natural attractions, but stay for the economic ones. One of Germany's fastest-growing regions, the Bodensee's north shore is now home to more than 1 million people, giving it a population density 50 percent higher than that of the Stuttgart region. The inhabitants work for a mix of medical-technology, aircraft, apparel and board-game companies as well as in the region's flourishing food-processing sector. The north shore's hinterland is one of Germany's major sources of fruit, dairy products, hops and wine.

All too often, popularity and prosperity herald environmental pressure and the end of picture-postcard good looks. Although it has been neither easy or inexpensive, the Bodensee has tried to prove an exception to this rule. In fact, the Bodensee's environment has been improving. Over the last 15 years, the amount of phosphates and

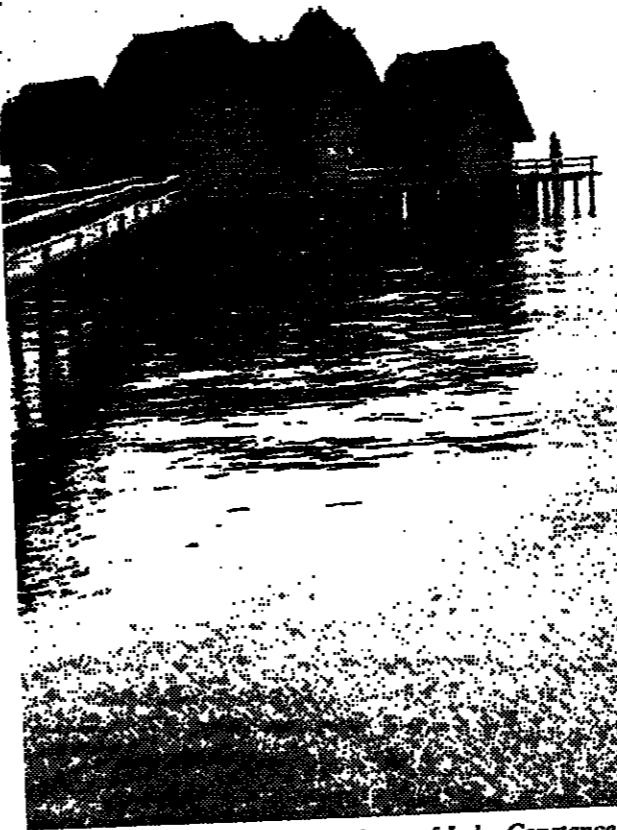
other pollutants in its waters has been reduced by between 50 percent and 75 percent, giving the lake a water rating of "very good." Some 18 kilometers of shoreline have been returned to nature, and traffic-generated noise and emissions sharply decreased.

This improvement is the result of the tri-country "Bodensee Area Environmental Program," consisting of 27 individual projects involving everything from better treatment methods for manure-based farm runoff to planting protective belts of wetland reeds.

Pollution-resistant ground cover, traffic-reducing train schedules and training programs for hotel staff members on waste-reduction methods are some of its other features.

The price tag: some 5.5 billion Deutsche marks (\$3.17 billion) in sewage and water-treatment facilities alone. A good portion of this money, of course, has returned to Baden-Württemberg.

The state's engineering sector, with its 1,000 companies and 100,000 employees, has provided everything from gas-fired electricity generating stations to the sensors implanted in the lake bottom.



Houses built on stilts on the shore of Lake Constance, a favorite tourist destination.

'HIDDEN CHAMPIONS'
HAVE HIGH IMPACT

Baden-Württemberg has so many small, low-visibility, market-dominating companies that analysts have come up with a generic term for them: "hidden champions."

Like most of the state's 340,000 small and medium-sized companies, the names of these several hundred companies, all with annual turnovers of 500 million Deutsche marks (\$289 million) or less, are by no means household words. Their products, however, are a common part of everyday life.

If a skating rink, train station or office-building entryway happens to feature an exceptionally wide span of steel girders and struts, chances are it came from Stahlbauwerk Müller Offenburg (SMO) GmbH & Co. KG. Its number-one area of business is gas stations — "nearly all of those in southern Germany and

most of those in Eastern Germany," according to the Süddeutsche Zeitung. SMO, founded in 1842, recently recorded an 18 percent rise in annual sales.

To unwrap a consumer or pharmaceutical product is to encounter the work of Gerhard Schubert GmbH's machines. Using state-of-the-art CNC (computer numerically controlled) technologies, this Crailsheim-based company's systems package and wrap products. Its success in selling its systems to such corporate giants as Johnson & Johnson, Bahlsen and Jacobs Suchard has given the company a 10 percent rate of profitability and a 15 percent rise in annual sales.

New from the company is the "picker." This highly maneuverable assembly-line robot can grasp and transport up to 250 items — cookies, for instance — a minute.

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Frogdesign's answering machine for AT&T, one of many international clients.

— and contracts. Its list of clients includes Toyota, Panasonic, Yamaha, Apple, Eastman Kodak and Hewlett-Packard.

The truth is that successful designers have become a staple of Baden-Württemberg. Slany Design and Moll Design had preceded frogdesign to the winner's circle, in recent years.

According to a recent estimate by a Munich-based industrial designer, "Fully half of Germany's international designers are based in Baden-Württemberg." These companies have built up a stable of international clients: Sony's new line of radios and the new logo for Philips are just two examples of their work.

Nor do the state's design

efforts go exclusively abroad — quite the opposite. Those who don't have an eye for a snazzy telecommunications console or an elegant satellite antenna

may appreciate a few Baden-Württemberg's other design masterpieces: Porsche and Mercedes-Benz sports cars, Vitra chairs and Boss suits.

HOME ON THE SCHWÄBISCHE ALB

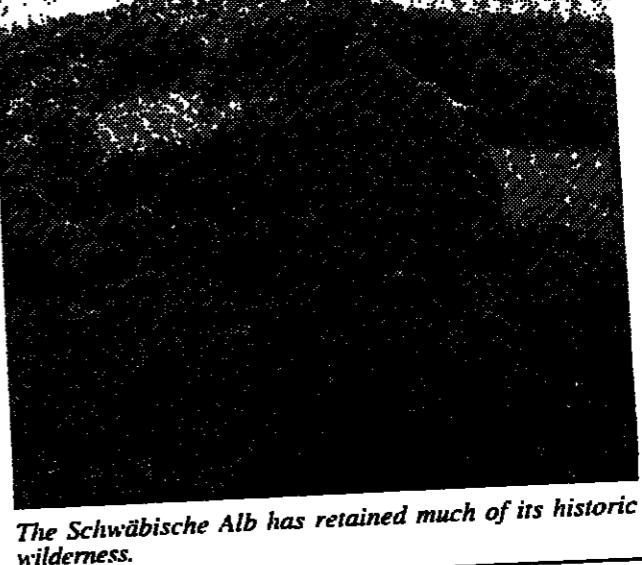
There are a number of uplands in Central Europe. The most imposing and famous are, of course, the Alps and their individual ranges.

The Schwäbische Alb (literally, "Swabian Upland") extends 200 kilometers to the northeast from its larger Swiss namesakes. While the Alb's highest peak reaches 1,000 meters, its rise from the Danube and Neckar valleys is often gradual and wayward.

Its peaks do provide a number of highly visible prominences. Although only 850 meters high, the fortress of Hohenzollern dominates the landscape for miles around, a majestic reminder of its iron-willed, iron-nerved dynasty. In the 15th century, the Hohenzollerns took a very large gamble. They swapped their

family trove, acquired through centuries of penurious parsimony, for the rights to a half-civilized, half-waste "march" of land — the Mark Brandenburg — including its village capital: Berlin.

While Berlin and the rest of Germany have become highly urbanized, high-powered entities, the Alb has stayed much the way it was: an area of uncluttered landscapes and wonderful rib-sticking food. In English and in German, "down" teams up naturally with "home" and its various delights, as in "down-home cooking." For hundreds of thousands of campers, returning sons and daughters and other visitors, "up" — as in "up on the Schwäbische Alb" — is the way to go for an old-fashioned kind of rural home.



The Schwäbische Alb has retained much of its historic wilderness.

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MONDAY SPORTS

Graf Slams Her Way to 4th Straight

The Associated Press

MELBOURNE — Steffi Graf had just turned in a nearly flawless performance to win her fourth straight Grand Slam title when the shadow of her only real rival appeared.

"Are you looking forward to Monica's return?" she was asked after her 6-0, 6-2 defeat Saturday of Arantxa Sanchez Vicario in the Australian Open final.

"Yes," she said with a bewilder look on her face, then paused and took a deep breath.

With Monica Seles sidelined since she was stabbed in the back by a spectator during a German tournament in April, Graf has taken women's tennis back to the late 1990s — when she ruled the sport.

Saturday's victory made it 13 straight Grand Slam titles that have been won by either Graf or Seles, a streak stretching back to the 1990 U.S. Open.

Seles had won the previous three Australian Opens; since she was attacked, Graf has won all four of the Grand Slam tournaments.

Graf, who won her 15th Grand Slam title, blasted 14 forehand winners past Sanchez Vicario while putting on her most dominating performance in a Grand Slam final since her 6-0, 6-0 defeat of Natalie Zvereva in the 1988 French Open.

"Especially in the first set, I didn't seem to make any mistakes and whatever I did was close to the line, it was the right shot and perfect timing," Graf said. "I don't think there have been many moments that I can say I have played like that."

She needed only 6 hours, 23 minutes, to complete all seven of her matches during the two-week Australian Open. That was less than the 6:32 John McEnroe and Mats Wilander took to play one match in the 1982 Davis Cup quarterfinals at St. Louis.

Sanchez Vicario won only 12 points in the first set. When she finally won a game, early in the second set, she slammed a ball high in the air in celebration.

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Todd Martin didn't have a clue how to handle Pete Sampras in the Australian Open final, which Sampras won in straight sets.

Dallas' Dorsett, White In NFL Hall of Fame

The Associated Press

ATLANTA — Tony Dorsett, Randy White and Jackie Smith, all of whom played for the Dallas Cowboys, were among the six men elected to the Pro Football Hall of Fame on the eve of Sunday's Super Bowl game in which the Cowboys were playing the Buffalo Bills.

Bud Grant, the former coach of the Minnesota Vikings; Jimmy Johnson, who played cornerback for the San Francisco 49ers and running back Leroy Kelly of Cleveland, as a senior nominee, were also selected Saturday.

Dorsett, the National Football League's third all-time leading rusher and the 1977 rookie of the year, made it in his first year of eligibility. He retired in 1988 with 12,739 yards rushing.

White, a defensive tackle for the Cowboys from 1975-88 who was a nine-time Pro Bowl selection, also was elected in his first year of eligibility.

Smith, a tight end with the St. Louis Cardinals from 1963-77, finished his career with one season as a Cowboy. He was considered one of the best all-around tight ends in the game.

Johnson spent 16 seasons with the 49ers, getting 47 interceptions.

Grant coached the Vikings for 18 seasons, and in four Super Bowls. He had a .620 winning percentage (158-96-5) during the regular season and his 168 NFL victories place him eighth on the career list.

Kelly started for the Browns from 1964-73, after replacing Jim Brown. He had 12,529 total yards in his career and made the Pro Bowl six straight years.

With help from his teammates, Duke center Cherokee Parks stole some thunder from Maryland's freshman star Joe Smith, and the Blue Devils grabbed first place in the Atlantic Coast Conference.

Parks outplayed Smith on Saturday in Durham, North Carolina, scoring 24 points and grabbing 11 rebounds to lead No. 2 Duke to a 75-62 victory over the 18th-ranked Tarpons. The teams had been tied for the ACC lead at 5-1.

Smith, averaging 21.5 points and 10.8 rebounds, was held to nine rebounds and 11 points on 3-for-11 shooting. Part of the problem was Duke's defense, and the help Parks got from Antonio Lang and Grant Hill.

"He's a really good player, but I think Grant and Tony did a really good job of helping me out," Parks said.

Smith said he wasn't the only one struggling with Duke's defense.

"They did a pretty good job of getting back on defense," he said. "When we got the rebounds, they slow us down."

After shooting 50 percent in the first half, Maryland (12-4, 5-2 ACC) lost its momentum with a slow start in the

second half. The Tarpons missed their first nine shots after intermission as Duke (15-1, 6-1) went on an 8-0 run.

No. 3 Kansas 87, Colorado 53; Steve Woodberry scored 16 points, and the Jayhawks won 10-0 and 13-0 runs at the start of each half to beat the Buffaloes in Boulder, Colorado.

Kansas (19-2, 4-1 Big Eight) used a

Sampras Routs Martin In Australian Open Final

Compiled by Our Staff From Dispatches

MELBOURNE — Pete Sampras, serving aces as fast as 126 miles per hour, won his third straight Grand Slam title by overpowering Todd Martin in straight sets Sunday in the final of the Australian Open.

Sampras, who had 13 aces, overcame an early threat from Martin by winning a first-set tiebreaker, and then rolled to a 7-6 (7-4), 6-4, 6-4 victory.

He became the first man in nearly three decades to win Wimbledon, the U.S. Open and the Australian Open consecutively. The only other time it was done was by Roy Emerson in 1964-65 and Don Budge in 1937-38.

Sampras, who was the top seed, raised his arms in triumph and screamed "Yeah!" after ending the match with a forehand winner. The two men, who are golfing buddies, then put their arms around each other and Sampras momentarily

rested his head on Martin's left shoulder.

While congratulating each other, Martin needed Sampras about leading 5-1 in the third set and dropping three straight games — including a service game — before finally ending the match.

"He said, 'Way to serve it out.'

"Was giving me a hard time."

Sampras said:

"It was the first all-American final in the Australian Open since 1982, when John Krick defeated Steve

Sampras' powerful serves and groundstrokes often left the ninth-seeded Martin flat-footed, or reaching in vain as the ball rifled past.

"He's just too good and he really deserves what he's succeeding at, because he's really working his butt off," Martin said.

There were plenty of excellent shots in the 2-hour, 33-minute match, but little drama. Sampras

and Martin show little personality on the court, and Sampras was firmly in control after the first set.

Sampras was so consistent that he had two aces in a three-point span in the final set — and each of the serves went past Martin at exactly 116 miles per hour (190 kilometers per hour).

The first set took 63 minutes, longer than the entire women's final on Saturday. Martin had his best chance at 3-3 in the first set when he had four break points, but Sampras saved them all and even

finally forced the tiebreaker.

"When I did lose the tiebreaker, I think it motivated Pete, it loosened him up," Martin said. "Like most of the top players, he plays a lot better when he's ahead."

Sampras said that he would now aim at his biggest remaining challenge, winning the French Open. He said he would take a month off before the Paris tournament, which is held in May.

"The French Open is definitely a goal that is going to be very tough to achieve," he said. "To win on clay is the biggest challenge in my career, but I'm getting better."

He also was pleased to be traveling in more elite company.

"It's nice to get the respect from the older players, like (Rod) Laver and (Ken) Rosewall," he said.

"I feel like those guys were really classy guys and people I've always looked up to, but I'm getting hopefully closer to their level."

"If I can maintain this form for the next five or six years, hopefully I can be considered one of the greatest of all time and that's important to me."

"I basically set my goal this year to win a Grand Slam title and I've done that. These last couple of matches were pretty sweet. I played pretty well. It's a major title and this trophy is going to sit really nice in my cabinet." (AP, AFP, Reuters)

Other Australian Results

MEN'S DOUBLES FINAL

Poul Hougaard and Michael Eliash (3), Netherlands, vs. Steve Johnson and Jonathan Stark (2), U.S. 6-7 (7-2), 6-3, 6-4, 6-3

WOMEN'S DOUBLES FINAL

Gigi Fernandes, U.S., and Monica Seles, Belorus, 6-3 (6-4), 6-3, 6-4

MIXED DOUBLES FINAL

Andrea Oliviero, Russia, and Lada Nelson, (1), Latvia, 6-3, 6-2, 6-4

COACHES BACK MEDALLION

The Black Coaches Association likely will follow the National Collegiate Athletic Association in accepting a government offer to mediate their dispute. The Associated Press reported, quoting the group's director, Rudy Washington.

While noting that his group had not made a final decision, Washington said: "We expect to go along. It's just a matter of setting up a meeting and getting everyone together."

The NCAA on Friday accepted the Justice Department's offer to mediate the dispute over men's basketball scholarships.

The department's offer headed off a threatened BCA-led boycott of college basketball games.

NASDAQ NATIONAL MARKET

OTC Consolidated trading for week ended Friday, Jan. 28.
(Continued)

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MONDAY SPORTS



Rescue workers could do little to save Ulrike Maier, who was pronounced dead after being airlifted to a hospital from the downhill course at Garmisch-Partenkirchen.

MAIER: Austrian Star's Death in Race Leads to Controversy Over Safety

Continued from Page 1

citation and heart massage before Maier was flown by helicopter 25 kilometers to a hospital in Murnau, near Munich.

"She had no chance," said Gisela Hofmann, a co-director of the hospital. "Her neck was broken, the main artery was ripped, and no surgery was possible."

Doctors said the main injury had occurred when her helmet flew off.

Maier, who was fourth in the World Cup overall standings and one of her country's best hopes at the Olympics next month, won the 1989 world Super-G title while three months pregnant with Melanie.

She took time off from World Cup circuit to care for her daughter and to allow a knee injury to heal, then returned to successfully defend her title at the 1991 championships in Seefeld, Austria.

Hervé Dembins, the Austrian women's team chief, said Maier had not been nervous before the start of the competition, as was the case in recent years.

"In fact she was highly motivated and eager to race," he said.

Michelle Ruhven of Canada, who finished third in the downhill, knew Maier and said that her death "really upsets me."

But, she added: "There's enough netting and safety run outs. She had a freaky fall. You can't really blame anybody."

Some coaches and skiers criticized the icy conditions on the course, however, and felt it was too dangerous.

"A lot of coaches feel that way," said the Canadian coach, Don Lyon.

The U.S. racer, Krista Schmidinger, said the track "was like ice, like trying to survive your way down."

"The conditions on the hill were poor," she said. "It was a really inconsistent track, a sheet of ice in some sections and soft in others."

An overnight snow storm dumped a layer of fresh snow on the track and the race was delayed an hour while officials prepared the course.

The tragedy was one of several to hit Austria in recent years.

In 1992, Peter Wirsberger died after hitting a wooden fence while on a ski outing with a girlfriend. The previous year, Gernot Reinhard died after a crash in downhill training, and the world giant slalom champion, Rudi Nierlich, and the women's team coach, Alois Kahr, were killed in car crashes.

Maier's death is the 23rd among leading skiers since World War II. Twelve have been killed during racing or training, but Maier is only the third woman to die.

Skiing Deaths Since 1959

1959 Toni Merkt (Austria), John Semmelrock (Canada)
1960 Ross McMillan (Australia), Walter Maier (Austria)
1961 Jean Suter (Switzerland)
1970 Michel Bizer (France)
1972 David Novello (U.S.)
1973 Michel Dufour (France), Markku Vuopala (Finland)
1979 Leopoldo Vassalli (Italy) (died of injuries sustained in 1978)
1980 (no deaths in 1980)
1981 Gernot Reinhard (Austria)
1982 Peter Wirsberger (Austria) (died skiing shortly after a downhill)
1983 Karin Thoeni (Sweden)
1984 Ulrike Maier (Austria)



Maier at a 1993 race with daughter Melanie, who was born in 1989.

Skater Linked Ex-Husband to Attack

Compiled by Our Staff From Associated Press
PORTLAND, Oregon — Tonya Harding's former husband, Jeff Gillooly, called her in a plot to attack her figure skating rival, Nancy Kerrigan, only after FBI agents showed him a statement by her linking him to the attack, a Portland newspaper reported Sunday.

The Oregonian newspaper quoted Jeff Gillooly's brother, John, as saying his brother was stunned that Harding had abandoned a "cover story" the couple had discussed.

It said Gillooly's attorney had tried for some time to convince him that Harding had turned on him, but Gillooly did not believe it until the FBI showed him a deposition that Harding made during a meeting with agents Jan. 18.

Gillooly was arrested Jan. 19 in connection with the Jan. 6 attack on Kerrigan in Detroit.

The Oregonian quoted Gillooly's attorney, Ron Hoeve, as saying the brother's version was accurate.

"Jeff would have fallen on his sword for Tonya, if Tonya had told him the truth, but she didn't," it quoted Hoeve as saying.

Gillooly persisted for some time in believing Harding would not implicate him, Hoeve said, but when authorities showed Gillooly her 46-page deposition, "that finally convinced Jeff that Tonya had implicated him."

Gillooly has negotiated a plea bargain with authorities under which he will testify that Harding was involved in the plot from the beginning, according to reports.

The reports, which have not been officially confirmed, say Gillooly will plead guilty to a charge of racketeering and be sentenced to two years in prison and a \$100,000 fine for his part in the plot.

considering an alternate skater for the Games.

The Detroit investigators reportedly have information that Harding asked for the number of Kerrigan's hotel room before the attack and made several calls to Eckhardt the day of the assault.

The Oregonian and the Detroit Free Press reported that Harding was given Kerrigan's room number by a clerk just hours before the attack. The Oregonian said the information was subsequently relayed by fax and phone to the as-sistant.

Kerrigan was not following a assault at the hotel but was following a workout at an arena.

A Detroit television station reported that telephone records showed seven calls were made from the hotel to Harding's credit card to Eckhardt in Portland the same day Kerrigan was attacked — three in the early morning and four in the afternoon.

Meanwhile, the U.S. Figure Skating Association is strongly considering sending Michelle Kwan, 13, to the Games in Lillehammer, Norway, as an alternate in the Olympics.

Harding, 23, insists she is innocent, although she has acknowledged that she kept silent for days after learning that people close to her were involved in the attack.

Meanwhile, investigators in Detroit reportedly looked at phone records damage to Harding. And U.S. figure skating officials were

an unusual step. Kwan would be available if Harding was removed from the team at the last minute.

Kwan finished second in the U.S. championships, which Harding won. Kerrigan, who was forced out of the championships by the attack, was named to the Olympic team along with Harding.

The Winter Games begin Feb. 12, but women's figure skating does not start until Feb. 23 and the roster can be changed until Feb. 21.

A Portland attorney is gathering information to be used by a special panel convened by the figure skating association as it considers whether there is probable cause to hold a hearing on Harding's membership in the association. Such a step is part of the process that could lead to her removal from the team.

"Our special counsel has proceeded very quickly and very effectively," said Bill Hybl, the former U.S. Olympic Committee president who heads the panel.

The committee may have a recommendation sooner than its self-imposed Feb. 10 deadline, he said.

"I don't think the panel feels any pressure," Hybl said. "What the panel does want to do is expedite the process so that's a clearer picture for figure skating can be established."

Harding's attorney, Robert Weaver Jr., complained about the number of leaks from law enforcement officials regarding evidence in the case.

"I am very displeased by the amount of confidential investigative information that routinely appears in the media," he said. "I think it does not speak well for the system."

Sea Cove Wins the Prix d'Amérique

PARIS — Sea Cove, an 8-year-old driven by Jos Verbeek, won the Prix d'Amérique, Europe's biggest trotting race, at Vincennes race course near Paris on Sunday.

The German horse, the 1992 and 1993 European Grand Circuit champion, came in ahead of the French favorite, Vorasie, and last year's winner, the Swedish entrant Queen L. American hopeful Giant Force was not in the top five.

Sea Cove earned half of the four million francs (\$675,000) prize money for the 18-horse field in the 2.7-kilometer race.

Queen L. had been the prohibitive 1-2 morning line favorite. She won the Prix de Belgique on Jan. 16 at Vincennes. (AFP, AP)

by the referee, Richard Steele. Judge Abraham Chavarria of Mexico scored it 114-113 for Chávez.

"I'm out of here, I'm still the champ," Chávez snapped afterward, adding that he wanted a rematch.

The victory by Randall, a 15-1 underdog despite entering the fight with a 48-2-1 record with 39 knockouts, was the feature match of a championship tripleheader before an estimated crowd of 12,500 at the MGM Grand Hotel.

Feix Trinidad defended the International Boxing Federation welterweight title with a one-sided decision over fellow Puerto Rican Hector Camacho.

Simon Brown, defended the WBC super welterweight title with a majority decision over Australian Troy Wainer.

Chávez, of Mexico, complained

bitterly about the decision. "He never hurt me. How could he have won the fight?

"Yes, I'm very shocked. The knockdown surprised me, but you can't judge a fight by one fall."

Low blow penalties cost Chávez the title, although Randall had to give a great deal of the credit for the shocking upset.

He out-jabbed Chávez scored well with counters and kept him off balance. Chávez is now 89-1-1 with 77 knockouts.

■ Barber Wins in Cardiff

Leonor Barber of the United States floored Nicky Piper of Wales with a left hook that led to a ninth-round knockout Saturday, allowing him to retain his World Boxing Association light heavyweight title for the fourth time. The

referee, Richard Steele, of Mexico, scored it 114-113 for Chávez.

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Chávez Loses First as Randall Gains WBC Title

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Tomba, Pains and All, Gets 3d Slalom Victory

The Associated Press

CHAMONIX, France — Alberto Tomba, the loser five days earlier to a squash court wall, won Sunday's men's World Cup slalom race despite his aching shoulder.

The stocky Italian took the lead with his first run and held onto it with a final time of 2 minutes, 1.37 seconds.

Tomas Fogdor of Sweden was second in 2:02.34. Jure Kosir of Slovenia and Thomas Sykora of Austria tied for third at 2:02.78.

"I had a large pain in my shoulder last night," Tomba said. "I only decided this morning to run. I couldn't warm up properly, and took an injection for the pain."

He is the only Alpine skier to win consecutive Olympic gold medals in the same event, the giant slalom titles in 1988 and 1992, and he won the slalom gold medal in 1988.

He has not won a giant slalom this season but moved into the overall lead in the slalom standings with 440 points off three slalom victories, plus a second and a third in the seven races this season.

Thomas Stangasser of Austria, the slalom leader before the race, dropped to second. He was just 15th after the first run.

News of the death of Austrian Ulrike Maier in Garmisch-Partenkirchen, Germany, had reached Chamonix early Saturday evening.

Fifth was Finn Christian Jagge of Norway with surprising Frenchman Sébastien Amiez sixth. Amiez had the best time in the second run, 1:01.44 to Tomba's 1:01.95.

But the Italian was the only skier under a minute in the first run, 59.42 while Amiez, starting in the 36th slot, was 14th in 1:01.77.

After the first run, Tomba beat over in pain. After the second run he just rubbed his shoulder.

"There was some pain at the beginning of the first run when I pushed too hard and at the third gate I even shouted," he said. "That's why you saw me bend over after the first run. On the second run it was O.K."

Kjetil André Aamodt added to his overall lead by winning the combined race. He won Saturday's downhill and was 21st in the slalom race. The times are added together for the combined event.

Five-time overall champion Marc Girardelli of Luxembourg, in second place, hooked a gate and fell during the first run.

The men's next race, a downhill, is scheduled to be run in Garmisch-Partenkirchen next Saturday. However, the course was closed Sunday as an investigation was conducted into Maier's death, and a decision on the men's race was expected to be made by midweek.

Aamodt got his first World Cup downhill victory Saturday in what he hoped was a good omen for next month's Olympics in his home country.

He was timed in 1:58.35 seconds, with Jean-Luc Cretier of France second in 1:58.69 and Hannes Trinkl of Austria third in 1:58.87.

"To win a downhill was a goal for me," Aamodt said. "I knew I could win a downhill since my fifth place in Kvitell last year. I understood I had the possibility to win a downhill race. Last week I was just six-hundredths behind the winner in Wenzen."

Kvitell, Norway, will be the site of the downhill race at the Winter Olympics, which begin Feb. 12.

Cretier, who came back from a fall at Wengen, said, "I was still having trouble walking four days ago. I still have some pain in my knee. You needed a lot of power on the last part of the course where it was icy and hard."

• Toni Nieminen, 18, gold medalist in the individual high jump event and team jumping at the 1992 Olympics, has been left off Finland's team for the Lillehammer Games after a poor showing in the weekend's national championships, the news agency STT reported.

Italian Kostner, 18, Wins Marred Women's Downhill

The Associated Press

GARMISCH-PARTENKIRCHEN, Germany — Italian teenager Isolde Kostner got her first World Cup season, posted a time of 1 minute, 44.04 seconds to win on the 2,865-meter long course.

Melanie Suchet, a 17-year-old rookie Frenchwoman, finished second in 1:44.68, with Michelle Ruthven, a 26-year-old Canadian, placing third in 1:44.75.

The race was interrupted for about 30 minutes while Maier was taken from the hill by helicopter.

Most of the competitors did not know she had died.

The helicopter appeared to have blown some snow off the course, the temperature dropped and, when competition resumed, the icy course was much faster than it had been.

The top six finishers started after Maier's crash.

Kostner, 18, and in her first World Cup season, posted a time of 1 minute, 44.04 seconds to win on the 2,865-meter long course.

Melanie Suchet, a 17-year-old

Culture: America's Powerhouse Export

By John Rockwell
New York Times Service

PARIS — Spielbergian dinosaurs devouring entire national film industries at a single gulp! Silver-haired villains and sloe-eyed ingenues setting new soap-opera standards for political incorrectness half the world watches! Teenagers from Bangkok to Beirut wearing Chicago Bulls caps backward and lamenting Michael Jordan's retirement! Smoke bombs and lasers and thrusting pelvises and outraged clerics and intellectuals from Paris to Tehran to Beijing denouncing Michael Jackson and Madonna!

As the millennium approaches — "Angels in America" is also big worldwide, but rather higher of brow — American popular culture has never been more dominant internationally, nor more controversial. U.S. cultural exports swell at least some Americans with pride and help reduce the trade deficit. This is America's second-biggest export after aircraft.

But just as some Americans have doubts about this pop culture — its propensity to celebrate violence, sexual stereotyping and sheer lowest-common-denominator crassness — those doubts multiply abroad, especially when the imports are seen as a threat to local cultural identity.

A survey of American pop-cultural influence by New York Times correspondents around the world reveals many things, from the quirky to the troubling. But the results also raise larger questions: Is America's dominance due to intrinsic strengths of its culture — its sheer *flair* and *inventiveness*, its *incarnation* of democracy itself as marketable entertainment, its forging of a new international language? Or, as foreign critics lament, is it merely a function of America's military and economic domination?

Or capitalism run amok, a "pure monopoly in the worst sense," as Jacques Toubon, the French minister of culture, put it in the recent debate over world trade barriers?

Statistically, America's impact is overwhelming. Of the world's 100 most-attended films last year, 88 were American. Variety reported. The highest-ranked competitor, France's "Les Visiteurs," was No. 27. That's not even counting pop music, television novels and the more nebulous, all-pervasive imagery of American street fashion.

But such dominance can breed insensitivity to other cultures' fears that their traditional values may be lost. Indeed, the insistence at the trade talks by Jack Valenti, president of the Motion Picture Association of America, and by Mickey Kantor, the American trade representative and Hollywood lawyer, that such fears were simply a smokescreen for protectionism may have pushed the rest of Europe into siding with the French to erect still more barriers to American films and music.

Elite culture has nearly always been protected, even in the United States, and to eliminate that would be to fulfill Tocqueville's worst fear that a culture's excellence can be leveled by the common taste.

Few could deny that some of America's success is due simply to aggressive marketing. The popularity of a seven-year-old minor soap like "The Bold and the Beautiful" in countries like Lebanon, Egypt and India is a case in point. For Americans abroad, a troubling aspect of its popular culture is that so much of it, especially in East European and Third World countries, is inferior. Instead of its best films and television — best here meaning "Roseanne" — not PBS — foreigners get second-tier shows like "The Bold and the Beautiful" and "Baywatch" marketed on the cheap. For executives in a search of a deal, and audiences eager for any glimpse of American opulence, it may not matter much. But



in the not-too-much-longer run, it tarnishes America's national image.

Rampant piracy — the illegal copying of films, television programs and albums — contributes to this debasement of America's best popular culture. Companies lose royalties and foreign buyers may get grainier images or muddier sound. But whether Clint Eastwood and Jamie Jackson get their cut, their Americanizing influence still spreads from bazaars in Nairobi to stalls in Guangzhou.

In decades past, America's chief cultural exports were debonair crooners and stalwart upholders of truth, justice and the American way. Today, a different America exports products that reflect a chilling propensity for cartoon-like, bone-crunching eyeball-pounding violence.

In the United States, pundits fret about children aping Beavis and Butt-head and about violence on the screen provoking violence in the streets. Abroad, those are worries, too. But for Americans, another worry should be that foreigners may take its films and its rap literally, as an exaggerated report on its state of affairs. In Brazil, the police justify atrocities by saying they've seen American judges lead mobs of nightiders on "Dark Justice."

American intellectuals complain that U.S. high culture is in decline in the face of this onslaught of action-heroes and indecent proposals. In fact, American high culture enjoys a pretty healthy reputation abroad. In Paris, for instance, it is hard to avoid American painters, architects, authors, dancers, composers and theater directors tramping through town.

But popular culture remains America's signal cultural contribution to the world. Its dominance today is not all bad — commercially, morally or imaginatively. The picture of multicultural acceptance American films and television

purvey, for instance, may be more liberal with fulfillment than reality, but it still serves well a world riven by ethnic hatred.

Then again, maybe "Hollywood" is itself no longer all that American, and its success abroad may be a testimony to its cosmopolitanism. When America's supposedly national film industry boasts an Austrian named Schwarzenegger as its biggest star, a Belgian named Van Damme close behind in action films and a Chinese, Bruce Lee, as an unlikely ancestor, when the French and the Japanese own studios or invest heavily in "American" films, when Hollywood gets half its profits from outside the United States, then just how "predominantly American" is its entertainment industry, anyway?

It may be that the world is being inexorably transformed from old to new, from narrow to broad, from kayak to jet. Maybe Western suits worn by Saudi or African business men, maybe even the English language itself, are not so much emblems of American superiority as the simple acceptance by a developing world of a single international standard of discourse. On that model, periodic eruptions of religious and nationalist resentment are mere spray on the sweeping wave of history. On that same model, "Hollywood" and America itself may be more metaphors than velociraptors. They may represent not the monopolistic invasion by one country of all the others but the focal point of an international mass culture forming before our eyes.

No wonder French intellectuals are afraid. What they see is not some alien marauder but the inevitable consequences of their own revolution, the ones Tocqueville himself found so alluring and terrifying: liberty, equality and, even, maybe, fraternity.

LANGUAGE

A Rare Ripple of Automaticity

By William Safire

WASHINGTON — Nouns, irritated at being nominalized into verbs at the slightest hat-dropping, have sought vengeance by lashing out at innocent adjectives, forcing them into service as awkward nouns.

At the White House, the *Kopfverdrehers* (a German word for "mind benders," a variant of *spinmeisters*) called in the usual suspects before President Clinton's recent trip to Europe and Russia. Over lunch in what is now called the Family Dining Room, the biggest of the Opinion Mafia were permitted to ask very heavy questions about global conceptual frameworks.

Most memorably, leaden question was posed by Michael Kramer of *Time* magazine, following in the former columnist Strobe Talbott's ever-ascending footsteps, about the policy-wonk President's proposed "Partnership for Peace." Kramer introduced his question with "Mr. President, on the security front. You know the Central European objection — the flaw of the partnership — is the lack of *automaticity* at the end."

"Automaticity" rippled through the group like butter through a hot knife. The national security adviser — cunning, devious Tony Lake (who has asked that we use those adjectives before his name) — snapped back into focus as we looked at one another with a wild surmise: Was this word the long-awaited replacement for *neo-containment*, or what? What kind of *-icity* is *automaticity*?

I could hardly wait to get back to the Oxford English Dictionary in my office. There was one 1870 citation, from a book on brain functions, about man (which was what humankind was once called) "in whom *volition* is predominant and *automaticity* plays only a subordinate part in motor activities."

For recent usage, I ran a Dialog computer search. There is a 1973 *Knitting Times*, was a story needing an extension of machines with "greater pattern potential, higher knitting speeds, more *automaticity* and better production efficiency." In 1993, the medical journal *Journal of Cardiac Surgery* argued, "Sarcoid granulomas in the ventricular myocardium can readily become foci for abnormal *automaticity*." (What do they mean by *readily*?)

With a century-old history, and current usage in disparate industries, *automaticity*'s legitimacy cannot be challenged. Still, it has the ring of rarity: *specificity* was the same way at first, but in the most recent hundred years we came to use that noun, derived from the adjective *specific*, whenever we want to use the nominative to nail something down. The noun form of *authentic* also remains popular; a commercial for *Classico* pasta sances says, "Taste the difference *authenticity* makes."

Other examples of adjective-to-noun transitions in vogue: "How come *negativity*?" Ed Turner of CNN writes. "One does not hear *positivity*." For "the quality of being negative," I would use something like *neg-saying*, but that's because I'm a natural rabbi of negativism; on a TV commercial for the *Psychic Friends* network, a phone-in service to summon spirits from the vasty deep, a network psychic named Chris says she talks to callers to "show them that they can create *positivity* in their life (sic)." And the *-ity* form of changing modifiers to things saved Albert Einstein from a theory of *relativism*.

You are wondering: What happened to *-ness* as the nounifier or nominalizer? *Smooth* and *slick* turned to *smoothness* and *slickness*, not *smoothicity* or *slickicity*.

What word, then, should pundits use when they favor the entry into NATO of nations that follow agreed-upon procedures of defense alignment and democratic government? The metaphor of machinery — in which *automatic* is synonymous with *involuntary* — jams the gears of *diplomacy*, and unfamiliar *automaticity* squeaks across the blackboards of our minds. We have other nouns: *Assurance*, *Certainty*, *Guarantee*.

"We were trying to think of what our bumper sticker would be," said the president at the luncheon, seeking to change the administration line from "less shock, more therapy," a formulation of Strobe Talbott aide that had not played well.

"I think our slogan would be there needs to be more reform and more social service support," Clinton said, "more attempts to build a safety net to deal with the consequences of reform, but not an attempt to slow down the reform effort."

Some the longer he rolled on, the more eyes rolled heavenward, until he realized the bind he had gotten himself into. He interrupted himself to say, "No, when: 'more reform, more support.' I should have said when the bumper sticker stops."

Slogan is from the Scottish Gaelic *slagh*, "army" and *gairm*, "cry," which combined to form the word denoting the battle cry of the Scottish Highland clans. A battle cry, or slogan, should be short enough to fit on a bumper sticker. The president recovered with: "That would be the newest rap on me: 'Clinton endorses wraparound bumper stickers.'"

"This was a wake-up call," Vice President Al Gore said of the unexpectedly strong showing of the ultra-nationalist Vladimir Zhirinovsky in the Russian elections.

The metaphor went ring-a-ling on the night tables of cliché users around the world. *Warning* was passe; *alarm* fell a-snoozing, even *SOS*, so exciting to the Titanic generation, was scorned. You couldn't write a Zhirinovsky piece without the words *racist*, *treacherous* and *wake-up call*.

The earliest citation of this noun phrase in the OED Supplement is a 1976 use in a Paul Henreid novel, "Winter Quarry": "He . . . left a wake-up call for eight A. M."

Lexicographic irregulars. Hotel Guest Division, should be able to do better than that. Send pre-1976 print citations to Safire's Wake-Up Call, N.Y.T. Washington Bureau, 1627 Eye Street NW, Washington, D.C. 20006. I'll be downstairs in the Snooze Bar.

INTERNATIONAL CLASSIFIED

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WEATHER

Europe	Today	High	Low	W	Tomorrow	High	Low	W	Tomorrow
Paris	52°	54°	49°	W	54°	56°	51°	W	56°
Amsterdam	47°	50°	45°	W	49°	52°	47°	W	52°
London	42°	45°	39°	W	44°	47°	42°	W	47°
Paris	40°	43°	37°	W	42°	45°	40°	W	45°
London	38°	41°	36°	W	40°	43°	38°	W	43°
Paris	36°	39°	35°	W	38°	41°	36°	W	41°
London	34°	37°	32°	W	36°	39°	34°	W	39°
Paris	32°	35°	30°	W	34°	37°	32°	W	37°
London	30°	33°	28°	W	32°	35°	30°	W	35°
Paris	28°	31°	26°	W	30°	33°	28°	W	33°
London	26°	29°	24°	W	28°	31°	26°	W	31°
Paris	24°	27°	22°	W	26°	29°	24°	W	29°
London	22°	25°	20°	W	24°	27°	22°	W	27°
Paris	20°	23°	18°	W	22°	25°	20°	W	25°
London	18°	21°	16°	W	20°	23°	18°	W	23°
Paris	16°	19°	14°	W	18°	21°	16°	W	21°
London	14°	17°	12°	W	16°	19°	14°	W	19°
Paris	12°	15°	10°	W	14°	17°	12°	W	17°
London	10°	13°	8°	W	12°	15°	10°	W	15°
Paris	8°	11°	6°	W	10°	13°	8°	W	13°
London	6°	9°	4°	W	8°	11°	6°	W	11°
Paris	4°	7°	2°	W	6°	9°	4°	W	9°
London	2°	5°	0°	W	4°	7°	2°	W	7°
Paris	0°	3°	-2°	W	2°	5°	0°	W	5°
London	-2°	3°	-4°	W	0°	3°	-2°	W	3°
Paris	-4°	-1°	-6°	W	0°	3°	-4°	W	3°
London	-6°	-1°	-8°	W	0°	3°	-6°	W	3°
Paris	-8°	-1°	-10°	W	0°	3°	-8°	W	3°
London	-10°	-1°	-12°	W	0°	3°	-10°	W	3°
Paris	-12°	-1°	-14°	W	0°	3°	-12°	W	3°
London	-14°	-1°	-16°	W	0°	3°	-14°	W	3°
Paris	-16°	-1°	-18°	W	0°	3°	-16°	W	3°
London	-18°	-1°	-20°	W	0°	3°	-18°	W	3°
Paris	-20°	-1°	-22°	W	0°	3°	-20°	W	3°
London	-22°	-1°	-24°	W	0°	3°	-22°	W	3°
Paris	-24°	-1°	-26°	W	0°	3°	-24°	W	3°
London	-26°	-1°	-28°	W	0°	3°	-26°	W	3°
Paris	-28°	-1°	-30°	W	0				